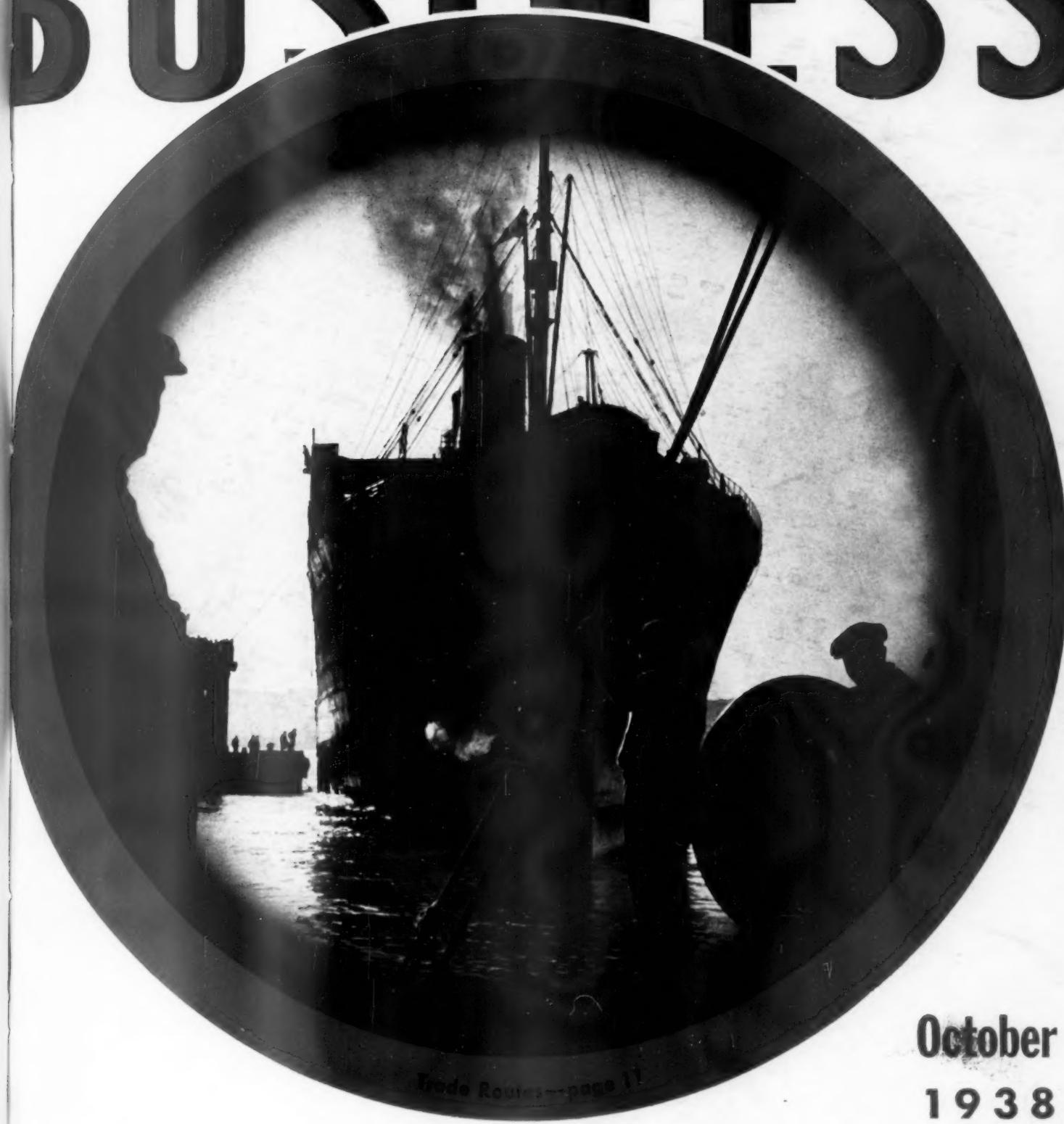


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# NATION'S

OCT 1 1938

# BUSINESS



Trade Routes—page 11

October  
1938

When the Taxpayers Organize • But It's a Fireproof Building • New Fashions  
in Personnel Relations • One Year of Retail Price Control



# FROM CUDAHY TO CONSUMER THEIR JOURNEY IS SPEEDED BY BELL SYSTEM SERVICES

The Cudahy Packing Company markets meats and margarine, soaps and sausage in thousands of cities throughout the United States.

National distribution means extensive communication—but not necessarily a problem. For Cudahy has been working with Bell System representatives for 36 years constantly improving communication methods. Now, a combination of Teletypewriter and Private Line Morse Services connects Chicago headquarters with district offices and packing plants across the continent.

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AMERICAN TELEPHONE & TELEGRAPH CO.  
AND ASSOCIATED COMPANIES  
BELL SYSTEM



## QUESTIONS our readers are asking:

- 1 • OF COURSE taxes are too high in our town but what can we do about it? . . . . . ANSWER ON PAGE 15
- 2 • DO OFFICIALS, once elected, really care for advice as to what the citizens want done? . . . . . ON PAGE 96
- 3 • NATURALLY our company wants a sound personnel program, but what do we have to do to get one? . . . . . ON PAGE 17
- 4 • WHY didn't I go into something like making movies rather than this business which is full of grief? . . . . . ON PAGE 20
- 5 • IS IT fair for the Government to make me pay taxes on all my profits but forbid me to charge off my losses? . . . . . ON PAGE 23
- 6 • WHY DO people make so much fuss about fire prevention today when most modern buildings are fireproof anyhow? . . . . . ON PAGE 25
- 7 • WHAT is all this talk about telling job aptitude from hands? Isn't that just like old time fortune-telling? . . . . . ON PAGE 28
- 8 • HOW MUCH chance does Communism really have of taking over this country? . . . . . ON PAGE 31
- 9 • IS THE effort to show the people what business really is and what it can do getting anywhere? . . . . . ON PAGE 33
- 10 • WE STILL talk about opportunity in this country but, after all, if a fellow is down and out, does he really have a chance to come back? . . . . . ON PAGE 37
- 11 • WHY ON earth should my employees get the idea that I'm "high hat"? . . . . . ON PAGE 40
- 12 • HAS THE Miller-Tydings law done what it was intended to do—bring about fair trade in retailing? . . . . . ON PAGE 49
- 13 • WELL, now we've got the wage-hour law, how are they making out in enforcing it? . . . . . ON PAGE 55

**What is Coming in November . . .**  
**Turn to Page 101**

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**NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES**

VOLUME 26

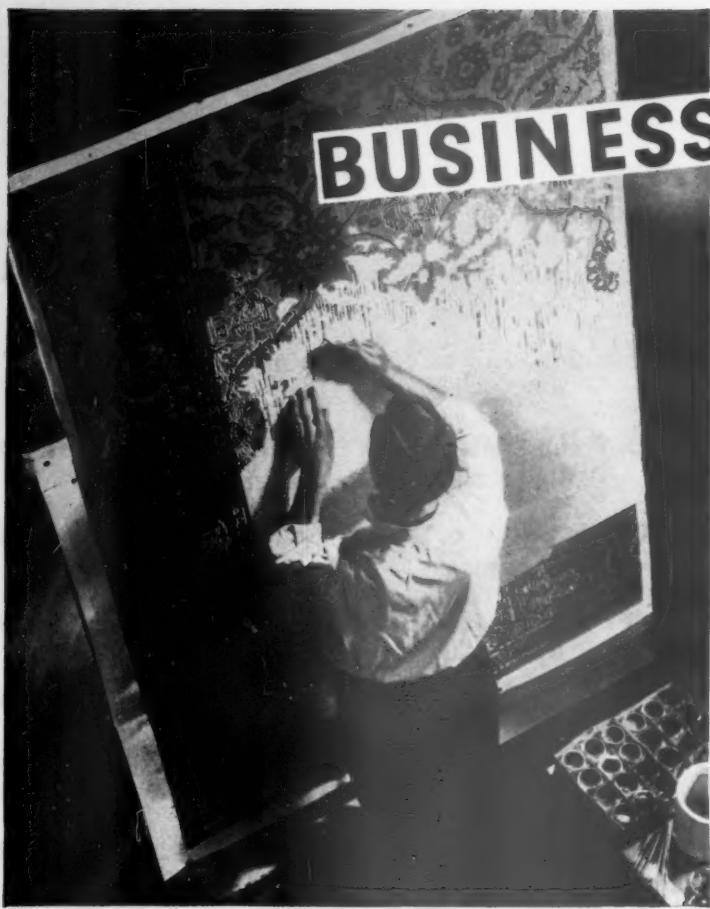
Merle Thorpe, Editor & Publisher

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**CARPETS** . . Bigelow-Sanford Carpet Co. have found that there is a Monroe for every figuring job. At their mills Monroe bookkeeping machines care for the payrolls, while adding-calculators and listing machines are extensively used in the accounting office.



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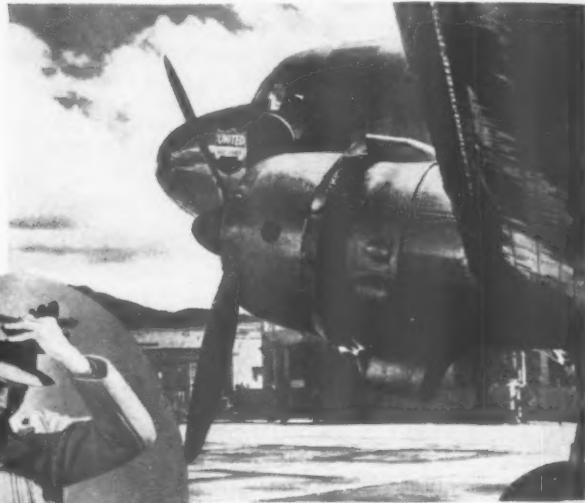


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## Through the EDITOR'S SPECS

*I believe the most threatening figure which today stands in the way of safety of our government and the happiness of our people is reckless and wicked extravagance in our public expenditures.—GROVER CLEVELAND*

### Optimists on the wing

SOME economic medicine man recently won attention to an ingenious theory of ten-year rhythms in prosperity. During the past century, he discovered, every year ending with a nine has seen the free flow of milk and honey—1909, 1919, 1929, etc. So, cheer up! It won't be long now.

If faith could stimulate business activity as well as move mountains, the national cornucopia would overflow this year. At its very beginning economist Stephen Leacock sang this confident augury:

I am willing to prophesy that 1938 will be the happiest year the world's annals have recorded for a long time.

Well, what with war and alarms of war and continuing depression, there's time yet; perhaps, like the Hollywood dramas, it will have a happy ending.

An investor scanning the headlines for clues to the real state of business meets many puzzling contradictions. Along with "Moral Recovery Brightens" he finds "Bank Debits Hit New Low Levels," and "Retail Volume Off Across Nation." On the same page of the New York Times a cut in steel prices and the determination of furniture manufacturers to maintain prices are hailed separately as favorable omens.

One cheerful commentator sees a good sign in the low point to which whiskey sales have fallen. "People don't drown their sorrows in drink when times are good," he rationalized. Liquor is not moving counter to the general trend, hence business must be pretty good, after all.

"Disregard your charts and statistics . . . federal spending is bound to have a sharply invigorating effect on business," speakers at the National Retail Dry Goods Association convention told delegates.

And so, as always, hope springs eternal while prosperity continues to dodge around innumerable corners.

### The business of farming

TWO hundred thousand farm folks, horse fanciers, and business men annually mingle at Kansas City's famed American Royal Horse Show held in mid-October. Local firms sponsor purse or stake classes, put up \$25,000 in cash.

Visitors see a lot of valuable horse flesh, hear many high school and college bands, observe demonstrations of new farm machinery and equipment, view government exhibits, appraise the showing of Missouri poultry, listen in at 4-H Club conferences, an agricultural Chautauqua, a junior oratory contest.

Built around the horse, the show is a meeting place for agriculture and commerce. No better exemplification of their bond could be provided than in the election of the National Chamber's president to headship of the show organization. George H. Davis is a logical choice as much for the underlying unity of the interests he represents as for the quality of his leadership.

### The jewel of inconsistency

NOW comes Assistant Attorney General Thurman Arnold with a threat to prosecute the American Medical Association as a violator of the Sherman Antitrust Law. The Association has dared boldly to oppose a Washington group health organization set up for federal employees with federal funds, because they see in it the spearhead of state medicine.

This would set a precedent which the debunker of capitalistic folk-lore might regret. We suggest that he read again that paragraph in his newspaper blast branding with his disapproval:

An attempt on the part of one group of physicians to prevent qualified doctors from carrying on their calling and to prevent members of the Group Health Association from selecting physicians of their choice. The department interprets the law as prohibiting combinations which prevent others from competing for services as well as goods.

Doctors can show that the allegation is fanciful. But granting that he could prove it, how could he avoid taking parallel action against labor organizations—perhaps the C.I.O. it-



## ALLERGIC TO TROUBLE

UP to the porcupine's quills in defense, upon the slightest intimation of danger. Nature alone has given him this protective sense.

Hartford Steam Boiler, likewise, has a similar sixth sense for danger. But it has been rendered allergic to troubles that threaten power equipment by long and specialized experience!

Hartford's primary function is to *protect* property and men under its boiler and power machinery policies. But . . . that industry may forearm wherever this company finds it possible to forewarn . . . Hartford, in addition, *inspects*.

Its men are specialists trained for specialized jobs. The unrivaled effectiveness of their work results from the authority of their company's 72 years' accumulated data . . . the counsel of its unique home office engineering staff . . . the findings of its feed-water laboratory . . . all summing up in the smooth gearing of an organization devoted *solely* to the business of protecting power.

This organization is sensitively alert to every hazard of operation. The symptoms of danger are its constant study.

Call upon your local agent or broker to explain how you can range this specialist on the side of *your* business.



**THE HARTFORD STEAM BOILER  
INSPECTION AND INSURANCE COMPANY**  
HARTFORD  
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OLDEST IN THE COUNTRY, LARGEST IN THE WORLD. ENGINEERING INSURANCE EXCLUSIVELY

self. That would be bad for Mr. Arnold. In the statement just quoted substitute "union leaders" for "physicians," "workmen" for "doctors," and "independent unions" for "Group Health Association." It would then read not so badly:

. . . an attempt on the part of one group of union leaders to prevent qualified workmen from carrying on their calling and to prevent members of independent unions from selecting leaders of their choice.

### Business diplomat

A FRIEND from "across the river" brought word to Philip Kazen of the Laredo, Texas, Chamber of Commerce that a large sign had been erected in Nuevo Laredo warning Mexicans not to buy anything outside of Mexico. Mr. Kazen didn't write any letters about it. He went straight to Mexico City and protested in person to Senor Garcia Tellez, Secretary of the Interior, as the spokesmen for business men in Laredo who would be injured by a Mexican boycott. The Secretary promised to see that the sign was taken down.

While in the Mexican capital Mr. Kazen also lodged a courteous protest against new customs regulations imposing a duty on goods purchased by Mexicans in American border towns and taken home. He reminded the Mexican Finance Ministry that a delegation of border business men from this side went to Washington recently and won the abrogation of a similar restriction on purchases by transient visitors to Mexico.

Mr. Kazen's services are recommended to Secretary Hull.

### Out of their own mouths

THE DIES Committee to investigate un-American activities accumulates evidence of Communists pushing their Trojan horses into all the temples of learning, religion and government. Scoffers sneer and snicker. "So what?" they snort. "A Communist is nothing more than a member of a recognized political party."

It might be profitable to re-define Communism briefly in the words of its founder and several of the comrades who have followed him.

It cannot be our concern to palliate class opposition, for we wish to abolish classes; it cannot be our concern to improve extant society, for we wish to found a new one. . . . You reproach us with intending to do away with your property. Precisely so, that is just what we intend.

—KARL MARX

The replacement of the bourgeois by the proletarian state is impossible without a violent revolution.—NIKOLAI LENIN

During this new era of struggles, waged exclusively in the interests of the manual workers, they will carry out the expropriation not only of the capitalists

but of all the educated classes as well, of all consumers of income exceeding those of the manual workers.

—WACLAW MACHAJSKI

We say "Down with the privileges of education as well as those of birth."

—PETER KROPOTKIN

### Man bites dog

WE PAUSE and reflect wistfully on two items in the daily news grist.

An old Italian laborer in a Pennsylvania town regularly sweeps the street on which he lives, spending several hours a day, as payment to his adopted country for the relief check it sends him every week. "It makes my bread taste sweet; I feel like a man because I work for it," he said.

A Milwaukee machinist, unemployed, spurns relief and takes in washing to support his family.

What must have happened to this country within a few years for such things to be news.

### Yes, young man, it's still possible

SOME ten or 12 years ago a self-confident young student at the University of Florida purchased for \$2,000 (on credit) all the advertising space in the university Year Book, then went out and sold it for \$7,000. To a friend who asked if he were working his way through college he answered that he was in business, making money.

Much, of course, was to be expected from a lad who showed such business acumen before he was 20. And it is interesting to note, according to *Tobacco World*, that for once early precocity was not belied by later achievement. Since then Douglas Leigh, now only 28, has conquered little old New York as he did his college town. He is known as the sign king of Broadway, the man who recently erected two new spectacular signs in Times Square and turned them on simultaneously. Never before has this most expensive sign crossroads in the world witnessed two such opening nights in one.

One of the signs is a huge animated cartoon for Old Gold cigarettes, half a block long, 2½ stories high, with 70 miles of wiring and with 4,104 outside lights capable of being flashed 101,808,000 times an hour.

Aren't we about ready for a modern Horatio Alger to chronicle and sing again of the self-starting young Americans we once knew?

### Washington business

**COSTLY CONSERVATION:** The Acting Director of the Civilian Conservation Corps announces that the cost to the Government of clothing CCC enrollees is \$90.61 a year per man. Curiously

THE *Choice of* TELEPHONE COMPANIES

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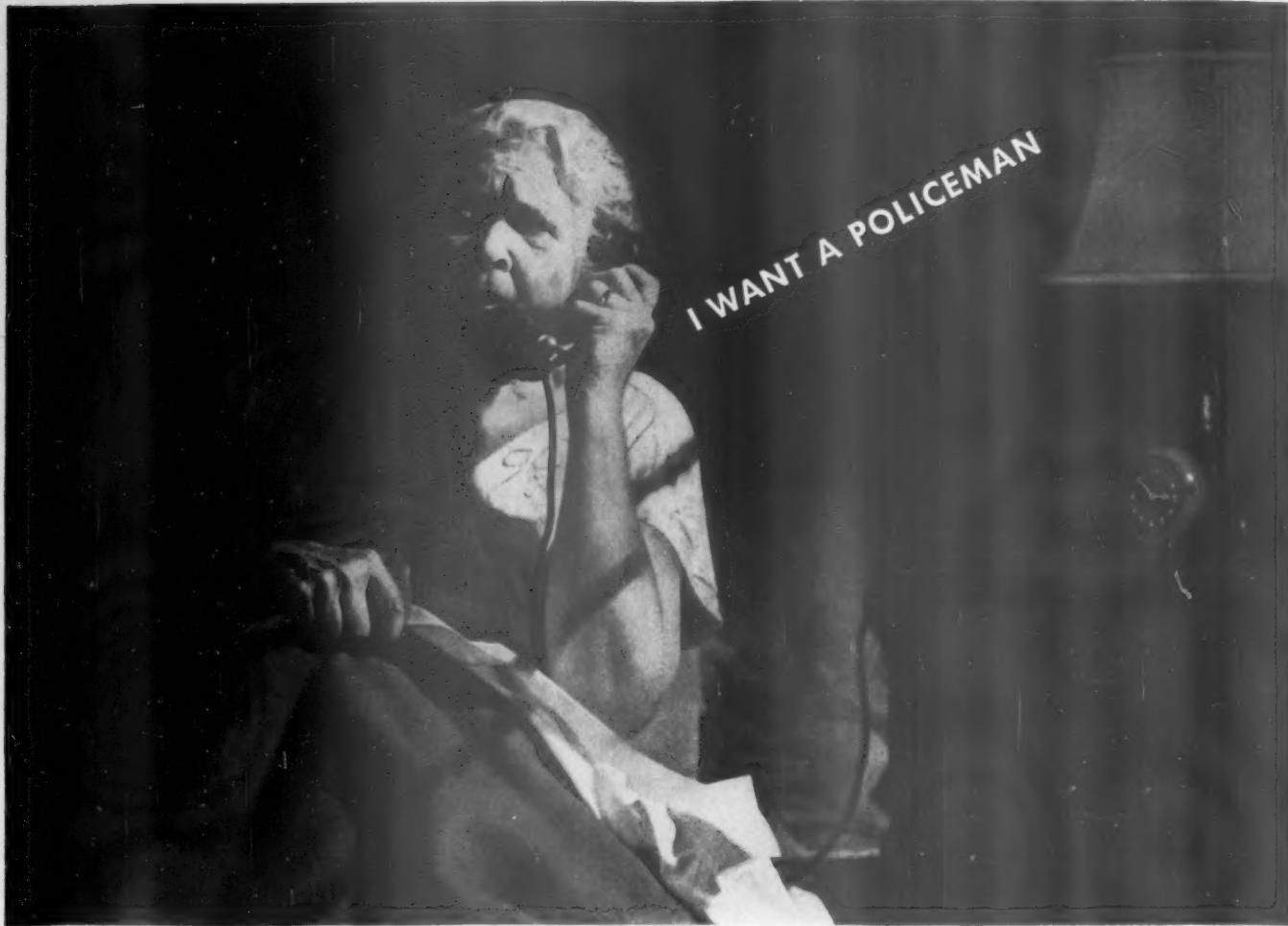
**INVESTIGATE!** Learn how Addressograph Methods can be used profitably in your office. A representative near you will be glad to explain. Listing in principal city telephone directories is "ADDRESSOGRAPH SALES AGENCY." If you prefer, write to Head Office in Cleveland.

**ADDRESSOGRAPH-MULTIGRAPH CORPORATION, Cleveland, Ohio**  
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ADDRESSOGRAPH SALES AGENCIES IN PRINCIPAL CITIES



## Your telephone *won't let you down*

A suspicious noise in the night—you quietly reach for the telephone—you call for help.

Your voice carries through a great network of telephones, wires, cables and switchboards—and your call is answered.

This equipment was designed by Bell Telephone Laboratories and supplied by Western Electric, manufacturing unit of the Bell System.

For more than fifty years Western Electric has been meeting the Bell System's standards for high quality service. Constant improvement in manufacturing methods, and rigid tests at every step of the way, assure telephone equipment you can depend upon.



Every wire in every cable made at Western Electric receives many tests before it is acceptable for your service. Here is one of the final tests after the lead covering is applied.



This skilled worker is performing a delicate operation on equipment for a new telephone exchange. He joins thousands of wires that will carry your voice wherever there are telephones.

# Western Electric

... made your  
BELL TELEPHONE

ous, we looked for something with which to compare this cost. We found that the United States Army clothes its men for \$64.81 each, notwithstanding that neat dress is a *sine qua non* for soldiers. Army statistics show that the average soldier saves \$15.57 a year on his clothing and uniform allowance, which means the actual cost is \$49.24, or a little more than half the CCC figure.

**INDIRECT TAX:** The Workers Alliance, an organization of W.P.A. workers and relief recipients, is raising \$50,000 to defeat Congressman O'Connor of New York and other objectionable candidates for office. "We intend to go straight to the W.P.A. workers themselves for the money," a spokesman announced. Suppose they want to continue to use the money for gasoline!

**CAPITALIST SUBVERSION:** Unseemly dissension is reported among workers set at catching snakes and butterflies by a Mississippi W.P.A. project. One who was turning in from 15 to 18 snakes a month protested because he was paid no more than another whose catch was only from three to five. The new W.P.A. schools should include in their curricula that piece-work wages and other devices for rewarding workers according to their performance are outmoded tricks of capitalism.

#### Trade routes

SINCE earliest times, man's desire for more and better goods has widened horizons, has brought about an exchange of ideas, of culture, of customs. Intrepid traders endured the agonies of desert heat and the perils of roving robber bands to satisfy the markets. Others fought the mountains and the jungle to bring spices from Cathay.

Protection of established trade routes and the discovery of new ones were a necessity for any nation that aspired to greatness.

Tangible trade routes—railroads, highways, established lanes for steamships—Photographer Nesmith pictures on our cover. But too often the intangible routes—the dealings that make one man want to exchange his goods for those of another—are being hedged in by unnatural obstacles. Laws, regulations, government edicts which arouse uncertainty, establish difficulties, make men afraid to encumber themselves with obligations are increasing. Once these intangible trade routes are destroyed, the need for tangible trade routes also will cease, and when trade routes can no longer be maintained, nations themselves decay.

#### Give the law a chance

HOW MANY heads are aching from trying to follow all these artificial controls over production and prices! One of Secretary Wallace's bureaus, seeking to kill two birds with one stroke of the pen, buys a quantity of cabbage at \$9 a ton when the market price is \$8, and distributes it to relief families. New corn loans at 57 cents a bushel prevent farmers from unloading a previous surplus, still on hand, covered by 50-cent loans. Cotton loans are outstanding, covering 7,000,000 bales which the Government will soon have to possess because a loan is a purchase.

The higher control fences are built, the more carry-overs accumulate. Producers walk on price stilts so unsubstantial they are forever toppling down. No other farm product today is as steady as livestock, and it has had the least tampering from Washington.

We have a natural law that governs these things. The *Kansas City Star* states it well:

The best possible means of reducing production is to let prices go to a very low level which broadens rather than limits demand and results in increased consumption. Increased production always results from prices high enough to stimulate producers to extend their operations.

#### Restitution

PASSAGE from the *Congressional Record*, 90th Congress, 1968:

**SENATOR WINDER MEER:** Will the chairman of the Finance Committee explain this special budget item of \$1,000,000 for Social Security? I have a distinct recollection of having contributed from my pay envelope during the years when I was a worker something like \$700, and my employers paid out large sums in pay roll taxes for this very thing. What became of this money?

**SENATOR CORRIGAN:** For the first four years under Social Security that fund was spent to meet the current costs of the Government. The Treasury made out to itself special three-per cent notes and deposited them in an Old Age Reserve Account. I have before me a warning, made 30 years ago, of what would happen. At that time \$708,000,000 had been collected and \$6,000,000 paid out.

The gentleman will recall that Tragic Era when this country pursued the strange delusion that it could spend itself back to recovery from the great depression of the Thirties. The Government of that day was not courageous enough to levy the necessary taxes for such a program, so it hit upon the scheme of using the revenue received from this source and leaving to us the problem of meeting the Social Security obligations of those years. Now, as the Senator knows, we are on a sensible, pay-as-you-go basis for Social Security, but the Government holds it is in honor bound to restore the old-age portion of the original reserve so wrongfully diverted to other uses a generation ago. To make this amend we must tax the whole people again.

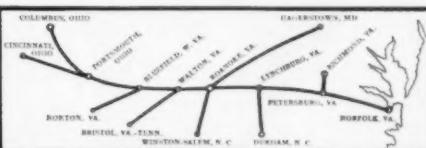


Your shipments—large or small—whether consigned to points a few miles or thousands of miles away, are dispatched safely and efficiently by rail ♦

**Precision Transportation** . . . the Norfolk and Western Railway's unexcelled freight service between the Midwest and the Virginias and Carolinas and between the North and the South . . . is the result of one hundred years of constant improvement in facilities and service, and the most favorable route for your shipments ♦

**The Skipper** and **The Pilot**—eastbound—and **The Nomad** and **The Caravan**—westbound—are among the fast Norfolk and Western merchandise trains operating on daily schedules via the route of **Precision Transportation**, offering fast service and on-time delivery for your freight ♦

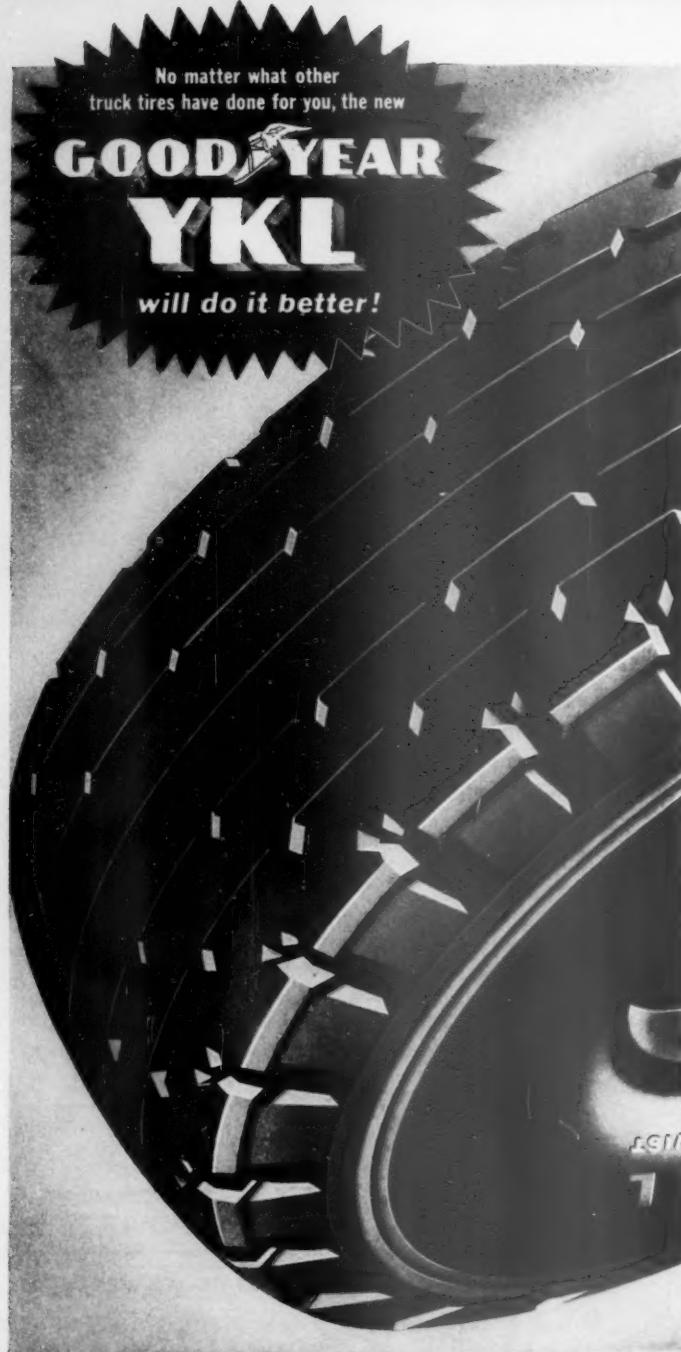
Call on any of the Railway's representatives located in strategic cities throughout the nation for complete information regarding rates, routes, and schedules, and for assistance in the solution of your shipping problems ♦ Or communicate direct with the Freight Traffic Department in Roanoke, Virginia ♦



1838—A CENTURY OF SERVICE—1938



# Here's the FIRST NEW THING IN TRUCK TIRES in 20 YEARS



*-built with heat-proof RAYOTWIST*

NOT since Goodyear introduced the original pneumatic truck tire 20 years ago has any tire delivered such a tremendous step-up in performance as this great new Goodyear YKL.

From operators in all parts of the country come reports of mileage increases running as high as 60%—80%—yes, even 100% and better. Not just on one tire, but the average for whole fleets!

The reason is the Goodyear YKL is built with heat-proof RAYOTWIST cord, spun from RAYON. Rayotwist is much more resistant to heat and retains far greater tensile strength at tire-operating temperatures than ordinary cord—and heat, you know, is the cause of 82% of all truck tire failures.

As a result the YKL gives you these NINE important advantages that explain its ability to out-perform any tire you have ever used under the hardest, hottest conditions:

1. LONGER TREAD WEAR
2. LONGER BODY LIFE
3. GREATER BRUISE RESISTANCE
4. GREATER SAFETY FACTOR FOR OVERLOADS
5. GREATER SAFETY FACTOR FOR UNDER-INFLATION
6. HANDLES SPEED HEAT
7. GREATER RESISTANCE TO BRAKE DRUM HEAT
8. TAKES MORE RETREADS AND RECAPS
9. GREATER ACCIDENT IMMUNITY

The Goodyear YKL is priced to save you money—to give you the lowest cost per mile you have ever known. That's why the word is going round—

**PUT ON GOODYEAR YKL'S AND WATCH YOUR MILEAGE JUMP!**

THE GREATEST NAME IN RUBBER  
**GOOD YEAR YKL**  
 FOR TRUCKS, BUSES and TRAILERS

MORE TONS ARE HAULED ON GOODYEAR TRUCK TIRES THAN ON ANY OTHER KIND



## The High Cost of Witch-Hunting

**E**VERY American worth his salt wants to see the nation restored to the full vigor of economic health. By every rating, business activity is the country's first need.

Business men have their work cut out for them; Government has a job to do. Both must pull together for better times.

Unfortunately, statesmanship too frequently gives way to politics. When politics is played, politics must be paid.

The frank politician will tell you that the way to hold the "customers" is to keep an "issue" alive and to have another ready in case the current one becomes stale. A political issue involves the correction of a condition supposed to be hurtful to the greatest number of voters, the successful pleading of one's remedy to bring him place and preferment. Issues cover a wide field—for example, the cost of a kilowatt, price parities, the sixty families, Wall Street, wage bondage.

Politics feels it must continually hunt for new witches, must keep the cauldron boiling. The last witch of the desperate ruler, as every student of history knows, is a foreign "aggressor," with war the remedy.

The productive powers of the people were never so taxed as now in witch-hunting, witch-policing, and witch-hanging.

Politics submits today the biggest bill ever rendered the people of the United States. Itemized, it covers so many alleged remedies of newly found witchcraft that it constitutes a completely new concept of the federal authority. More than 100 new boards, commissions, bureaus, authorities and corporations have been set up since the beginning of the depression and indicate, with the huge sums the people have provided for implementing them, the number of witches our restless medicine-makers have discovered.

The city of Washington has expanded its simple role of law-maker, arbiter and protector to a protean character of indulgent father. The sovereign people are its wards, to be protected against all the ills that human flesh is heir to. Its prescriptions for a myriad maladies run the gamut from minor regulation of their affairs through supervision, control, and out-and-out competition with them. And the end is not yet. Despite the

"deplorable conditions" found so far in practically every activity of American life, our valiant hunters have a thousand witches in reserve ready to be trotted out demanding more federal activities—and expense.

Expense? Ah, there's a real enemy of the public, neither hobgoblin nor Hallowe'en pumpkin!

The expense of policing the citizen is a charge against his labor, although he seldom realizes it. The witch doctors provide no free shows, no bounties, no subsidies, no services, no aids, no publications, no guidance, no culture, without its price. The price tag is hidden, but it is there. The bill comes home directly and indirectly to every man, woman and child whose lot is cast in this land.

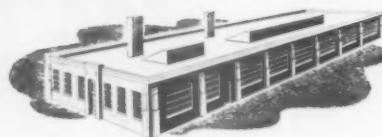
As sure as death is the tax money to keep our growing government personnel in the style to which it is becoming accustomed—a style to which no real citizen aspires and which none can afford. This money represents work, "is paid for in the sweat of every man who labors." It comes from earnings which alone can provide a useful job to the man out of work, and promotion in position and pay to those now employed.

The levy upon this fund which represents sacrifice and savings can be made for jobs to produce electric toasters and automobiles or it can be made for more and bigger witch-hunting. The decision is with the millions of men and women who work and earn and save. Will they stop dancing to political swing music long enough to consider thoughtfully and decide whether they want more of the material conveniences and luxuries of life or more of the extravagant hunting and policing that consumes their hard-won substance in chasing political phantoms?

A country famed the world over for the solid reality of its contributions to the well-being of mankind is incredibly out of character in tilting with shadows. Broomsticks are out of fashion as saddles for witches. They can be put to much better use in cleaning political attics of mental cobwebs.

*Meredith Thorpe*

**FOR THE GROWING BUSINESS**



**AND THE SMALLER SCHOOL**



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## When Taxpayers

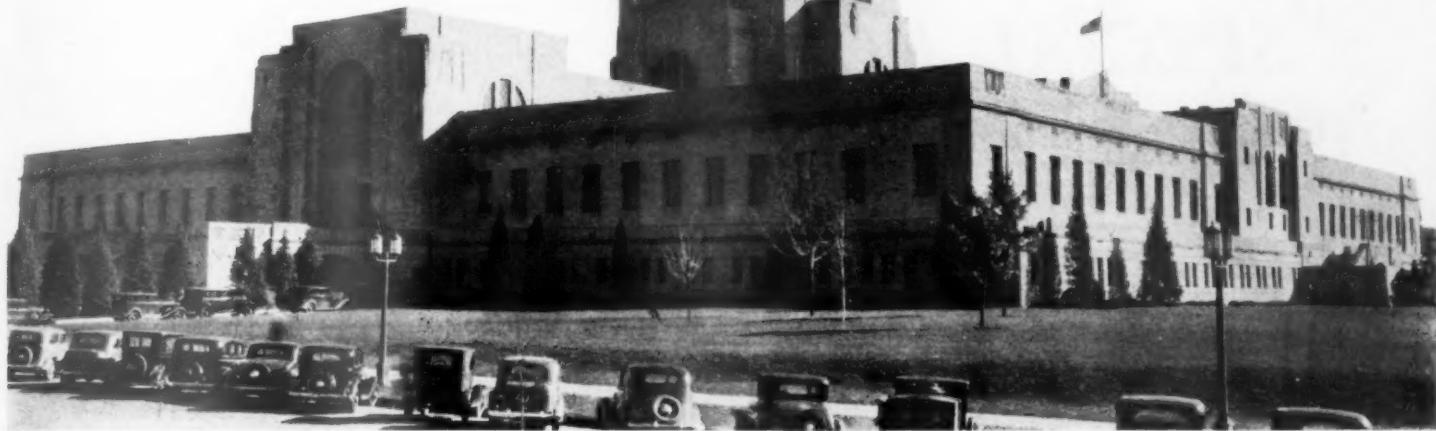
By WALTER L.

## Are Organized

PIERPOINT

**SELF-INTEREST** groups constantly demand more from Government. They are organized to force their demands. But taxpayers need not stand helplessly by

Nebraska's \$10,000,000 state capitol was built without incurring a penny of debt



LOUIS R. BOSTWICK

**N**EBRASKA has often been called the "experimental ground of American politics." Perhaps no other experiment of a public nature within that commonwealth—not even the unicameral legislature—has been so important as the attempt of a group of business men to guide public expenditures in the past seven years.

That group is known as the Association of Omaha Taxpayers. It is made up of tax-conscious and public-spirited citizens of a type that can be found in every community. Since early 1932, these business men have been rendering a valuable service in charting a practical, consistent and successful course in economical government.

This association is setting a pace for similar organizations in handling the problem of "what to do about taxes."

Nebraska citizens pride themselves on living in the "white spot" on the map of the nation's tax structure. Some of our organizations have been printing the map of the United States with Nebraska standing boldly forth in white. The reason:

Our state has no income tax, no general sales tax, no cigarette tax, no bonded debt. For many years we have been following a "pay as you go" policy in government. Our \$10,000,000 state capitol, for example, was built without incurring a penny of debt. Likewise 8,500 miles of improved roads.

The association has sought no publicity. It has been content to stay on the job of watching the tax situation in city and state, serving as the voice of the citizens generally, in stemming the swiftly rising curve of governmental costs. But the Association's accomplishments are no secret. Increasingly, as citizens in every state face the inevitable showdown as to future taxation policies, the questions roll in upon us.

Most of the questions boil down to these:

Has the Omaha Association been able definitely to hold down taxes by control of public expenditures?

Can our city—county—state—have such an organization?

To both these questions the answer is definitely "Yes!" This article is an attempt to elaborate upon that.

Let me make it plain that we do not consider either our organization or our accomplishments as unique. Other similar groups have done outstanding work. But our plan may serve as one pattern. Quite clearly our association has proved that, with proper organization, sound business leadership, effective publicity, definite aims and a vigilant spirit, taxpayers may halt the rise in governmental costs, keep expenditures within reasonable bounds, and cooperate with public officials for better, less expensive government. The plan may be applied to any city, county or state.

Let me give something of the background of this Omaha Association. It was born of a period of great unrest in our city and state.

We were carrying a heavy tax load in Omaha. Our valuations on real property were too high by at least 35 per cent. Our collection of personal taxes had become more or less of a joke. Deficits were piling up.

Omaha had issued \$6,600,000 public improvement bonds in the ten years

preceding 1932—an average of \$660,000 a year—without a vote of the people.

Wheat was selling for 25 cents, corn at 12 to 15 cents, and hogs at 2½ cents. There was angry talk of tax strikes.

#### No fanfare; just action

AT that time I was chairman of the executive committee of the Omaha Chamber of Commerce. The proposal to set up an independent group, made up of business men and home owners, who would work exclusively on the problem of taxes, met with the enthusiastic approval of Chamber of Commerce officials and leaders.

A meeting called for February 5, 1932, brought those business men together. No oratory, no fanfare. Just a quiet, determined facing of facts, and formulation of a plan of action, as a group of research engineers would do it.

The association was formed. Of-

ficers: President, Vice President, Secretary and Treasurer. A board of directors of 125 outstanding men was selected. An executive committee of 12 was appointed.

Memberships were solicited from Omaha business firms on a voluntary subscription basis.

Simplicity was the keynote. Only a small personnel was needed—a research worker, statistical expert and stenographer comprising the entire staff. The Omaha taxpayers began work with the acclaim and support of the newspapers, the radio stations, the civic organizations and the people generally.

While still on this matter of organization, let me emphasize certain policies which our association has proven to be sound and which such organizations elsewhere may find vital:

Our directors were carefully selected from men representing the whole business life of Omaha—banking, real

#### NATION'S BUSINESS for October, 1938

estate, manufacturing, transportation, wholesaling, retailing, utilities, professional activities, education, skilled crafts, union labor and all the rest of our industrial activities. Each man was named after he had been personally consulted and had agreed to serve. Members of our executive committee were of the highest possible standing in their businesses and their community. The chairman, A. W. Gordon, had long been a student of general property taxation, and had specialized in the field of real estate and special assessments.

In every community such men can be found.

#### Quick action is often needed

OUR executive committee was given plenary powers to act for the association. That is vital! The committee must have power to determine the policies of immediate action. When a legislature is in session, for example, questions involving millions of dollars of the taxpayers' money arise, and there is no time for general meetings. Within the broad, general policies of the association, the officers and the committee must be free to act.

Memberships in our association were sought and obtained on this iron-clad rule:

Only one membership from a firm. The reason for that is apparent. No firm should control the association however large the firm or heavy its tax load.

Another rule that should be written in red ink:

No taxpayers' group can serve the public if dominated by political leaders, or if used for political purposes. No man in public office—or running for public office—should be allowed to capitalize upon its influence.

Now for policies. We announced three principal aims and we pass them along because they have proved entirely practical and successful:

**FIRST:** to study and determine the necessary functions of government, local, county, and state, that we, the taxpayers, could afford to pay for.

**SECOND:** to attempt a reduction of public expenditures within the reasonable financial capacity of the citizens to pay, that waste might be eliminated and an even flow of tax money be maintained for proper functioning of government.

**THIRD:** an insistence that governmental subdivisions operate within their reasonably anticipated income; or, freedom from "deficit spending."

Note one thing in this connection: Our organization did not hold out for reckless slashing of costs. We made no promises to reduce taxes at all. We did propose to eliminate waste, extravagance and needless activities, and to introduce some business methods into public finances.

Above all things we cultivated the attitude of cooperation with our public  
(Continued on page 96)

## SPECIAL NOTICE

### CHARTER AMENDMENT RELATING TO

### ISSUANCE OF BONDS

When you enter the election booth tomorrow, you will be given a separate ballot reading as follows:

"Article IV, Section 22-A—Notwithstanding the provisions of Section 57 of Article III, Sections 15, 16, 17, 17b, 18, 22, 23 and 24 of Article IV of the Charter, the City Council may not issue and sell bonds of the City, except bonds, the payment of which are secured by special assessments, unless and until authorized by the electors by a majority of those voting thereon. This Section shall be supplemental to the City Charter."

For the past ten years the City Council has issued an average of \$661,000 per year in general obligation bonds without a vote of the people. If you want a direct vote of the people on the subject of future bond issues, be sure to vote  YES on this ballot. The general obligation bonded indebtedness of the city is \$14,840,000. Interest paid last year amounted to \$672,000. We believe there should be a "holiday" on bond issues.

**VOTE  YES on "BOND" CHARTER AMENDMENT.**

**ASSOCIATION OF OMAHA TAXPAYERS, INC.**  
Phone AT lantic 6243

**W. L. Pierpoint, Pres. A. W. Gordon, Chr. Executive Com.**

One of the newspaper advertisements that helped the citizens take the first step toward lowering costs of city administration



They distributed Christmas baskets to indigent employees and kept out of trouble

## New Fashions in Personnel Relations

By HAROLD BERGEN

**PRACTICALLY** everyone agrees that sound personnel programs are needed today but who can produce a sound program ready made? Not us! But here are some ideas

PERSONNEL work is going through a streamlining process. It had long needed a drastic structural change. Its basic function has been to minimize human friction. But the typical personnel machine has been so crudely developed, so creaking and so cumbersome in operation as to generate new frictional forces between management and workers and within the executive ranks as well.

In the metamorphosis of industrial relations, the personnel man is emerging as a major business executive. That is as it should be. If one reflects upon the evolution of the functionalized operations of modern corporations it is easy to see why personnel needs a capital "P." It is why the personnel executive should have a place at the council table of the top management.

Virtually every industrial corporation has long had a vice president in charge of production, a marketing vice president to direct sales and advertising, and a treasurer in charge

of financial operations. More recently, budgeting, accounting, and statistical activities have come under the centralized supervision of the controller. And now the personnel executive is being added to this group of major executives.

Personnel executives are attaining this status as fast as the controlling administrative officials accept personnel management as a basic and distinct function of business rather than as a necessary evil. Indeed, in some companies industrial relations activities have been viewed, until recently at least, as a cheap form of strike insurance. Obviously the protection obtained was worth no more than the cost.

The beginnings of personnel administration were none too fortunate. Frequently nondescript crews of

uplifters and trouble shooters were put into personnel posts. They were relegated to spots far removed from the managerial front and were then expected to prevent as many headaches as possible from intruding into the management consciousness. Occupying about the same status as chief clerks, they kept employment records accurately, interviewed job applicants courteously, distributed Christmas baskets to the more indigent employees, and otherwise kept out of trouble. That the personnel man had little authority to represent management except at the annual company picnic was well known even to the lowest paid yard laborer.

Such personnel "specialists" usually reported to the factory superintendent or even to one of his subordinates. They did not participate in

the formulation of labor policies. Since they did not rank even as junior executives, their opinions carried little weight when they ventured to offer advice.

It is no wonder that workers turned to government and to labor unions for aid in improving terms of employment instead of relying upon management action. Altogether too often their only point of contact with management was an ineffectual personnel staff that lacked the capacity to undertake proper remedial measures and the authority to make good on their own assurances of sympathetic interest in the workers' real or fancied grievances.

### A bigger job now

NOW, the impetus to unionization afforded by federal legislation and Government's assumption of control over important phases of labor relations have produced new complications for top management. Willy-nilly, chief executives have had to turn their own hands to pressing problems of industrial relations. They may have considered themselves most adept at "handling men," but the situations confronting them now call for the aid of personnel specialists of the highest caliber.

Top management is beginning to put terrific pressure on personnel departments to deliver the goods—to prevent labor disturbances from disrupting operations and to settle controversies that are already out of hand. To be able to do these things, personnel men must have authority and the prestige that accompanies it.

It is most desirable for the personnel executive to get his direction and guidance straight from the head of the company and for the latter to obtain technical advice and assistance straight from the personnel man rather than through intervening supervisory layers of insulation.

Many past labor difficulties can be traced partly to the circumstance that the personnel staff has had no continuous direct contact with the president. Conversely, seldom are conspicuously successful industrial relations policies found in companies where the personnel manager does not enjoy this relationship with the chief executive.

Companies in which the personnel man does report to the president or chief executive include United States Rubber, Standard Oil of New Jersey,

United States Steel, Bethlehem Steel, American Rolling Mill, Kimberly-Clark, General Foods, Westinghouse, and American Telephone and Telegraph. And these are among the companies which come first to mind when we think of sound industrial relations.

In such companies, the personnel man may have a variety of titles, such as vice president in charge of indus-

agement activities. It is the exception rather than the rule to find companies which, because of unionization, have eliminated their personnel departments or dropped their employees' security plans.

The trend has been in the opposite direction, because a competently administered industrial relations program is even more essential when unions come into the picture.

What specially expanded and increased responsibilities have elevated the personnel man to a senior executive rank? Unfortunately, it is not possible to reduce these to a Procrustean category into which the majority of progressive personnel departments can fit. Few companies, as yet, have developed complete, well balanced personnel programs. Problems, however, are being attacked in the order of their importance. It is possible, therefore, with relative accuracy, to determine the trends and activities which have proved to be worth special emphasis.

### Lawyers may help

OF necessity, personnel departments have been trying to familiarize themselves with the ways of the National Labor Relations Board. Management, not knowing where else to turn for advice, has often asked lawyers to handle Labor Board matters. Many progressive lawyers, however, have recognized the

dividing line between the legal and management aspects of such problems, and have cooperated with personnel men. But some attorneys, untrained in labor law and without personnel experience, have become "industrial relations counsellors" and have advised clients not only on Labor Board matters but also on collective bargaining and personnel policies.

In some instances, the company attorney is actually playing the rôle of industrial relations specialist. There is no reason, of course, why a lawyer should not become a skilled personnel man (such as is the case in Allis-Chalmers and Westinghouse), but progressive attorneys realize that legal training *per se* does not qualify men for industrial relations.

Collective bargaining is one of the activities now receiving special emphasis by personnel departments. Some personnel men have been able to convince their employers that they should take a leaf from the British book of experience and rely upon the



There are many companies where mutual confidence and respect already exist

trial relations, assistant to the president, director of industrial relations, director of personnel, or personnel manager. Regardless of title, in almost every case, he ranks as a senior executive along with the vice presidents, treasurer, and controller.

Chief executives are beginning to realize that labor problems, like the poor, will always be with us and that the successful administration of industrial relations lies in keeping ahead of the times. These executives are viewing organized personnel management, not as welfare or paternalism, but as the means for improving morale, smoking out the causes of labor difficulties, increasing output, improving quality, reducing costs and increasing profits—in other words, as an integral element of management. Personnel departments are integral parts of the management structure.

In progressive companies these departments are developing long-range, constructive personnel programs as a permanent part of their major man-

administrative rather than legislative method in labor relations. Compared with labor agreements in this country, British agreements are singularly simple. British employers depend upon good personnel management to insure union responsibility and not upon complicated regulations.

In a few companies where the management has never made union recognition an issue and where mutual confidence and respect exist, the personnel department is exploring the possibilities of increasing efficiency and improving industrial relations through collective cooperation. For example, in a New England plant, the management meets regularly with the local officers of several craft unions to discuss such matters of mutual interest as quality control, cost reduction, accident prevention, and elimination of waste.

Management will learn much by observing the progress and results of such cooperative arrangements. It is significant that the Steel Workers Organizing Committee has recently published an excellent brochure of instructions to shop committee men on how to cooperate with management in improving production, reducing costs, stabilizing employment, and the like—it reads like a digest of a management handbook.

What about seniority? In the current depression, seniority problems have been causing much grief to both unions and personnel departments. Both have learned that a complicated seniority formula provides no satisfactory substitute for such basic devices as, for example, the use of adequate methods for selection and of procedures for measuring individual

differences, the centralization or review of all entrances, transfers, and separations in the personnel department, and the selection of employees for transfer, promotion, lay-off, and reemployment on a merit basis.

### Complications are many

SOME personnel executives are quite willing to leave to union officials the headaches and hangovers that inevitably result when an attempt is made to substitute a complicated seniority rule for all the other methods which can be used to assure equitable consideration of the needs and rights of each workman.

Increasingly troublesome problems of wages and income have caused personnel departments to develop a systematic approach to wage and salary administration. Collective bargaining has tended to perpetuate past internal inequalities in pay. The telescoping of wage differentials resulting from various causes has engendered much dissatisfaction among skilled workers. The fixing of the price of labor for various types of work through collective bargaining has emphasized the importance of job classification. Many personnel departments are, therefore, now engaged in job analysis, classification, and evaluation. Socony-Vacuum, American Rolling Mill, and Kimberly-Clark, for example, have done some outstanding work in this field. There are, of course, many others.

All of this is only a beginning—personnel departments have had to become increasingly concerned with time study, work standardization,

and wage incentive problems. In the past, some of the industrial engineers responsible for these matters have used a mechanistic rather than psychological and physiological approach. Consequently they have caused a number of labor difficulties. Work standards and wage incentives are inseparable parts of employee relations.

The recent realization of this and of the fact that human efficiency is more a personnel than an engineering problem has led a few companies, such as American Rolling Mill, to assign the responsibility for wage incentive matters to the personnel department.

In other companies, there is now closer cooperation than formerly between the personnel department and the industrial engineering staff.

Above all, management is learning that the keystone of the industrial relations arch is effective training, especially foremen development. Training, therefore, is another important activity for the personnel department. The continued maintenance of good industrial relations, after sound personnel policies have been formulated, is largely a matter of good foremanship. But the foreman is not likely to become skilled in leadership unless his boss, the superintendent, is a good personnel man. The superintendent, in turn, must receive able leadership from his chief.

Foreman training cannot be in  
(Continued on page 102)



Using techniques devised by industrial psychologists, management is finding out what employees think without resorting to the indefensible practice of spying

# Motion Picture Making Isn't All G

By JO HUBBARD CHAMBERLIN



Frank Capra (with pipe) examines a model of one of the 52 sets to be used in the picture

**M**ANY a business executive, plagued by problems of labor, production, sales and personnel, has cast a longing eye toward Hollywood where you can golf the year round and where making pictures sounds like more fun than making automobiles, mousetraps, or widgets.

All you have to do is to rent a studio, hire a few actors, and go ahead. There is plenty of talent to choose from, and new money always seems to appear at a few magic malapropisms from Sam Goldwyn and his fellow picture-makers. Sounds easy. Just sit in your office while the directors, stars and stooges do the work.

Yes, it is fun to make pictures. But it is also one of the roughest, toughest, most bitterly competitive occupations known to man. It requires the most careful kind of business planning from start to finish, and still remains a terrific gamble. Emergencies are always popping up which no one could have anticipated and, considering the grief,

manufacturing automobiles or widgets isn't so bad after all.

There is this great difference between making automobiles and making pictures. When your first automobile model comes off the assembly line, you can turn out thousands exactly like it for months to come. In pictures, every film is a brand new problem.

I spent several weeks in Hollywood studying some of the problems which might come up if a reader of NATION'S BUSINESS were to tell his board of directors to go fly their kites . . . that he was going out to Hollywood, have fun, and make films. A representative class "A" film was selected as a case study, and the figures quoted are the exact production costs for the film, *You Can't Take It With You*, released in September by Columbia Pictures.

Let's assume that we produce it



The New York street scene, complete with real water plugs, street lamps and storm sewers took 125 men two months to build, cost \$100,000 but can be used again, so only \$20,000 is charged against this picture

PHOTOS BY IRVING LIPPE

# Glamour

AN ARTICLE especially dedicated to those who are bored with their jobs. Even the business of building romance has problems as difficult as yours

starting from scratch. Here is an original play which had a two year run on Broadway. It is a great potential money-maker as a film so the motion picture rights to it come high: \$200,000. This is a substantial outlay, but it is only a starter.

A good writer must be hired to put the script into shape for making the film. The stage play simply chronicled the antics of a screwball New York family who believed in enjoying life and expressing their personal eccentricities.



All action in the stage play took place in one room. The movies can show incidents which the play merely described



Mischa Auer (left) with his "double" who sits or stands for hours while lights are adjusted



Extras at \$5 to \$10 a day swell the crowd scene in the bank building, constructed complete—both interior and exterior—at a cost of \$25,000 for use in this particular production

tricities. Such delightful capers would be appreciated by urban audiences, but might be confusing to a less sophisticated group.

So the conflict between a materialistic and humane philosophy, barely touched on by the play, is built up, along with the love interest. The dialog is revised, and new characters introduced to add certain entertainment values. Sometimes a pair of writers, or

several pairs of writers, work on a script before it is ready. We are more fortunate in having a grade A scenarist do the job alone, over a period of four months. The cost: \$58,000.

Work begins in the studio from four to six months before the actual shooting. The scenario writer confers with the director, the director with the costume designer, the art director with the set construction superintendent, and all meet together. Many sessions occur at night because most of these people will be busy with other pictures already in production. The project begins to take form, and a 16 page detailed budget is drawn up. The total cost of the film is tentatively set at \$1,500,000. For one picture, mind you, and if it is a flop we lose the \$1,500,000. Just like that!

Most studios allow ten per cent for contingencies, but Columbia sets a top budget figure and tries to keep within

the shooting of scenes by several months. The actual shooting time is about 50 days.

#### Players are carefully selected

OUR picture calls for a large number of principal players. After careful selection, Mr. Capra and his associates select Jimmy Stewart and Jean Arthur for the juvenile and ingénue rôles; Lionel Barrymore is to be the grandfather; Edward Arnold, a business tycoon; Spring Byington, a Broadway actress of long experience, is the would-be novelist and mother of the ingénue; Mischa Auer, of the dismal pan, is to be a Russian ballet instructor. Bit players must also be selected, and extras hired at \$5 to \$10 a day for a few crowd scenes. The total talent bill is \$390,000 —our largest item in the budget.

When a new picture is in the works, the studio is harassed by phone calls,

telegrams, and visits from agents who are belligerently positive that at least one of their clients is just right for the star part. Photographs are used to enable the director and staff to weed out the impossibles, and actual camera tests precede the final selections. Only the top talent is free from this gruelling scrutiny, which costs a great deal in time but saves money in the end.

Hidden costs always pop up. The script calls for a young man who loaf at home, and plays the xylophone. Then it is discovered that the player selected for the part can only play by ear. So a teacher has to be hired, and the actor then memorizes three or four pieces he has to play in the film. Another pair of teachers has to be engaged (for a week at \$25 a day each) to teach a new version of the "big apple" to Miss Arthur and Mr. Stewart. At the time production is scheduled to begin Jimmy Stew-

(Continued on page 82)



The cast of "You Can't Take It With You" poses on a fence. Represented here is \$390,000 worth of talent, largest item in the budget

it. For an "A" picture our budget is by no means super-colossal; other "A" pictures have cost much more, without a hit play to start with, and costs over the past few years have been going up. Wherever we can we are buying "proved merchandise" in talent and equipment, because we have an excellent play to work with. We are gambling no more than necessary.

We have a top-rank director, Frank Capra, who has turned out *Mr. Deeds Goes To Town*, *It Happened One Night*, *Lost Horizon*, and other box office successes. He has never had a failure. His time and that of his assistants will cost \$175,000. Mr. Capra's work precedes



It looks like a basement workshop but is merely a movie set. Eventually the fireworks in the corner will be set off by "sound effects" men who create much noise and smoke but the least possible damage

# The Dog Star Puts a Tax on Recovery

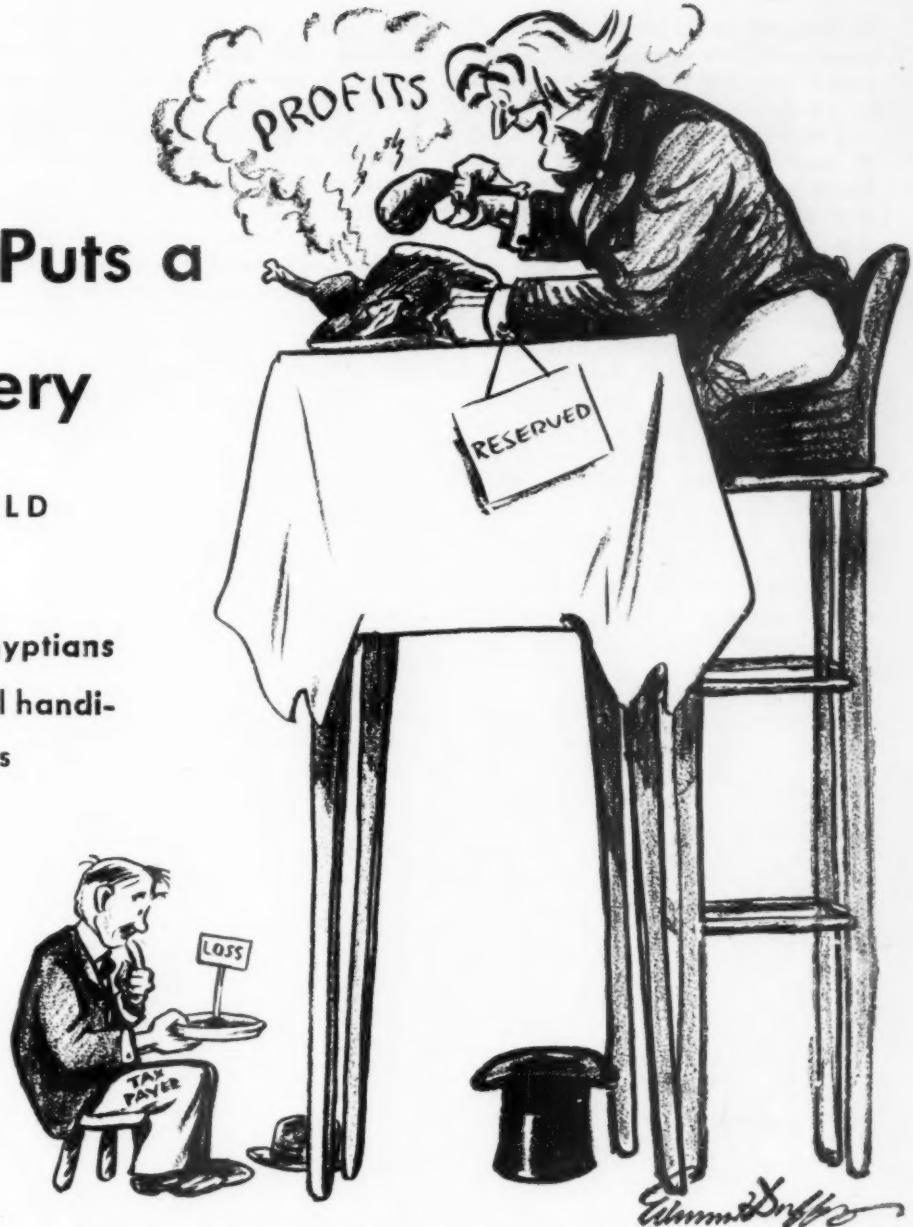
By EUGENE S. DUFFIELD

6,000 YEARS ago the Egyptians made a discovery that is still handicapping American business

ABOUT 6,000 years ago, before they started building the pyramids, the Egyptians decided, after watching for the appearances of the Dog Star just before sunrise, that about 365 days comprise one full round of time—a year. Ever since then, and maybe before, our period for paying most taxes has been 365 days or fractions thereof because the Dog Star takes that long to wax and wane and the earth takes that long to float around the sun.

A man from another planet might have trouble trying to understand what connection there is between stellar perambulations and taxes. He wouldn't be any more mystified, though, than the business man whose business has been bobbing in and out of the red for years and who looks back over his income tax bills. He knows it's a pretty weird arrangement. And he knows that the arrangement is a drag on new enterprise, struggling companies, rehabilitation and reemployment.

What a man or a company makes is not determined by the cycle of the Dog Star. What a company or a private business operator realizes is the sum of all the profits minus all the losses from the cradle to the grave. If a company started with \$100,000 of capital in 1928, netted \$10,000 in 1929, went into bankruptcy and was sold for scrap at \$50,000 in 1933, it hasn't made a cent in spite of its \$10,000 income in 1929. In Utopia that company wouldn't pay any in-



The Government is the kind of partner who insists that he share in all the profits but in none of the losses

come taxes. In the United States of America it would pay, and pay dearly.

## Losses wouldn't count

STARTING with the artificiality of the sun's cycle as a yardstick for taxable income, the federal income tax law pushed the artificiality to absurdity by saying that a private business man's or a company's income was the sum of the profits in the good years. The years of loss? They were your tough luck. This was true from 1932 until this year when the tax law was amended to give a little allowance for losses. Here is the way the income tax law worked:

Waitt & Bond, Inc., a cigar manufacturing company, lost \$96,700 in 1934. Then it cleared \$26,100 in 1935, \$49,300 in 1936 and \$900 in 1937. Any ordinary man looking at the com-

pany's record for those four years would say that the corporation, having lost \$96,700 and cleared an aggregate of \$76,300, had lost \$20,400 for the period. That was the net result of four years. Not the income tax collector! He said Waitt & Bond, for tax purposes, had cleared \$76,300 in those years. He broke up the income into little 365-day segments. Why? Because the earth takes 365 days to get around the sun. Then he threw out the segment which showed a loss.

In those four years, taken as a unit, Waitt & Bond lost \$20,400 but paid \$9,800 in income taxes. Those taxes were not an income tax—because in the four years as a whole there was no income—but a tax on capital. An income tax which disregards years of loss will work out as a capital levy time and again. Republic Steel Corp., for instance, had a net profit of only

\$2,300,000 in 1931-37 inclusive if losses are offset against profits. But it paid \$7,000,000 in income taxes, that is, its entire income for seven years and \$4,700,000 beside. Examples could be multiplied indefinitely because Uncle Sam has been the kind of "partner" who shared in all the profits but none of the losses.

At least Uncle Sam was nice enough to admit what he was doing and to plead poverty as an excuse. Until 1932, corporations were allowed to deduct losses in one year from taxable income realized in the succeeding two years. The Treasury, on recommending that this allowance be eliminated, gave no reason except that it hoped to raise more revenue which it badly needed; revenues did not increase. This disregard for prior year operating losses in the computation of taxable income continued until this year.

Feeling more prosperous with his \$6,240,000,000 of revenues, Uncle Sam relented a little—a very little. He gave back half of what he had taken away in 1932. The Revenue Act of 1938, with Treasury approval, includes a provision permitting an operating loss in one year to be carried forward into the succeeding year and

deducted from any net taxable income in that year. This one-year loss carryover allowance is the income tax lawyers' admission—albeit a grudging one—that a company's income can't be measured on a strictly annual basis—with the bad years left out.

Actually the vicissitudes of business are such that comparatively few businesses in the United States, over a period of years, earn anything over an interest return on their investment. That is, if their losses in bad years are deducted from their profits in good years, the remainder will be little, if anything, above an interest return.

#### Average earnings are small

If business earned steadily year in and year out a return greater than interest on its investment, tax policy could equitably disregard complications like loss carryovers but, with the ebb and flow of earnings actually resulting in small net returns over long periods, tax policy realistically should take this condition into account.

A one-year loss carryover allowance will be helpful to business. The Interlake Iron Corporation, for in-

stance, lost \$435,800 in 1935 and netted \$675,800, before federal taxes, in 1936. If the loss carryover provision now in the law had been applicable to 1935-36, the Interlake Iron Corporation would have had to pay no federal income taxes in 1936. Because the provision was not in effect, the company actually paid \$94,700 in federal taxes in 1936. The Government taxed it for those two years as though it had made \$675,800. Actually it had made only \$240,000.

A one-year loss carryover will ameliorate situations like this one. But why only a one-year carryover? The A. M. Byers Company, Pittsburgh wrought iron manufacturers, lost \$330,800 in 1936 and cleared \$93,200 in 1937. A one-year loss carryover, had it been in effect, would have exempted the company from federal income taxes in 1937, but the company would have sustained a loss of more than \$330,800 and been given a tax allowance for less than \$100,000 just because they weren't fortunate enough to make up all of their 1936 loss in 1937. Why shouldn't they be allowed to carry over the remaining \$237,600 of loss, for which they would have had no credit in 1937, and

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Who's going to go into debt to start a new business if the tax collector nabs him as soon as he emerges from the red ink bottle?



# "But It's a Fireproof Building!"

By PAUL W. KEARNEY

**PERHAPS** it seems unreasonable to set aside a special week, October 9-15, for fire prevention. But, on the other hand, read this—

**M**OST folks smile a little tolerantly when I still admit a lively interest in chasing the fire engines. It seems a bit out of date, and one rather influential executive expressed the typical reaction.

"We don't have the fires today that we used to," he said. Then, swinging around from his desk, he walked to the window of his thirty-eighth floor office and swept the vista with his hand.

"Just look at those modern buildings—what is there to burn?"

Well, I saw 11 firemen carried out of the basement of one of those modern buildings. Seven of them died.

In another I saw a fire that burned for six days and nights.

In a third, too far down in the Wall Street district to be visible from that window, they had a \$100,000 blaze con-



WIDE WORLD

**Under ideal conditions six to eight tons of water are needed for each ton of burning fuel. Unfortunately conditions are seldom ideal**

fined to a single floor 35 stories above the street.

It's an old story to firemen that the better a structure is, the worse the fire can be. But since too few persons seem to grasp the point, the story bears re-telling because it has so many varied applications to so many of us.

When the 15-story Burlington Building, in Chicago, was completed, it was so thoroughly fire-

proof that the owners carried less than half its replacement value in insurance—and its tenants carried virtually none. Yet when an exposure fire swept in through the windows (from another office building ablaze several hundred feet away), the Burlington Building was gutted to the tune of \$8,000,000. Some \$3,000,000 of the damage was to the structure; the rest was to contents.

The records show innumerable duplications of this experience. You can

**Most disastrous fires are discovered by chance passersby after getting good starts**

KESTONE VIEW

go back 18 years to the New Haven, Conn., Chamber of Commerce Building fire, in which two occupants died, ten were overcome by smoke and 14 firemen were injured—and come right down the list to the Consolidated Biscuit Company's plant in Mt. Vernon, Ill., which last year suffered \$250,000 in damages in a blaze which spread from a nearby warehouse.

In the interim we've had the Hotel Astor fire in Milwaukee—in which two guests died on the sixth floor although the blaze was in the basement!—the \$1,000,000 outbreak in the State Edu-

cational Building, Harrisburg, Pa.; another \$1,000,000 loss in the famous Riverside Church, New York; the seven-hour blaze in the fire-resistant Post Office Building, Washington; the \$2,000,000 conflagration in the Birmingham, Ala., department store; the loss of \$300,000 and two lives in Park Avenue's Hotel Marguerite; the five-hour battle with a \$280,000 outbreak in the modern, nine-story Liberty Building, Waco, Tex.; the loss of ten lives in Pathé's New York Studio—and so on.

All good, fire-resistant buildings, re-

member, not pseudo-fireproof. Yet they were gutted because somebody forgot the simple fundamental that no building can be any more "fireproof" than its contents.

Some good minds have overlooked that point. Some years ago Thomas A. Edison erected a group of buildings in New Jersey. When he was urged to install some form of automatic fire protection in them, the electrical genius scoffed at the suggestion in view of the obvious fire-resistant nature of the structures.

#### Fires hurt everybody

EVENTUALLY, however, a fire did start in one of those buildings which couldn't burn. Despite the labors of fire departments from eight surrounding towns, that blaze lasted for seven hours. When it all was over, nine ultra-modern buildings had been gutted.

What's all this to me, you inquire?

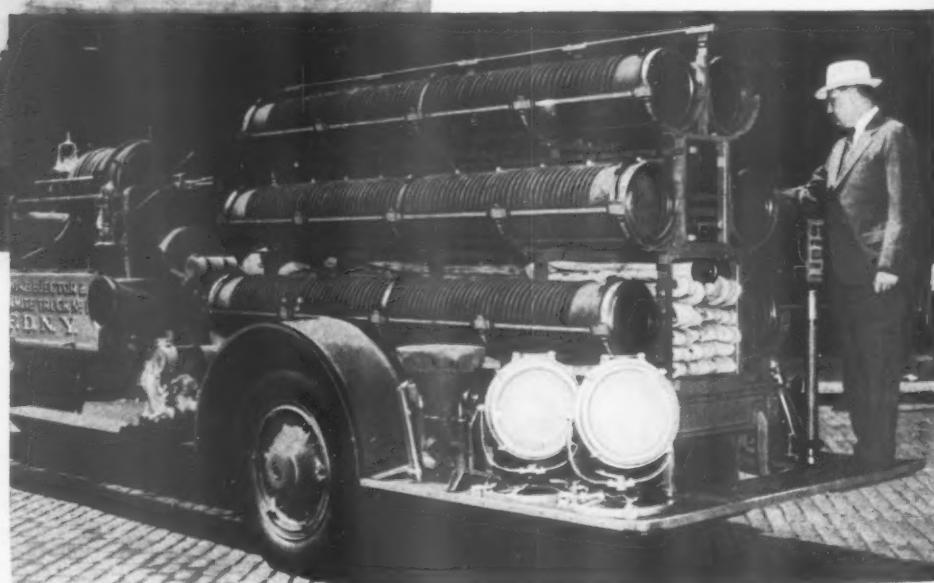
Well, perhaps you work for a salary—in a fireproof building; or maybe you operate your own business in one. Possibly you just clip coupons as an investor in various enterprises, all housed in modern structures. In any event, you know that fires have a tendency to curtail salaries, profits, dividends, because as has so often been pointed out, 43 per cent of the concerns which burn out fail to resume business.

From a broader angle, you are a taxpayer, providing the money for our public buildings (few of which are insured!)—you are a parent with children in school or college—a church member—a periodic traveler, stopping at good hotels. Thus, in one way or another, your pocketbook, your welfare, perhaps even your life, may be jeopardized by this sublime faith in fireproof construction alone.

This is not to deny for a moment the  
(Continued on page 104)



A point frequently overlooked is that no building can be any more fireproof than its contents



New weapons are constantly added to the firefighters' arsenal. The big pipes on this truck are part of the smoke ejector apparatus

## A Business Way to Use Surpluses



A mechanical grader removes crushed peas from the hulled product

THE HOUSEWIFE who orders fresh-frozen corn on the cob and asparagus tips for her January dinner menu is probably unaware that when she accepts this form of food preservation she is helping in the development of a rapidly growing new industry, a large portion of which is located in the west coast states.

The variety of fruits and vegetables preserved by freezing includes almost every kind served on the average table. Green peas, spinach, corn on the cob, beans of all types, broccoli, raspberries, blackberries, loganberries and cherries are only a few of the cold packed products now being processed in the Washington-Oregon area alone. One firm in Seattle reports that its revenue from fruits is \$1,000,000 a year.

Aside from its development into a substantial new industry, the quick-freezing process has helped to curtail several fruit and vegetable surpluses. Formerly when a bumper season came along the grower was frequently forced to dispose of his crop at a loss because the processors did not wish to can more goods than they could market even if it had been mechanically possible to handle the surplus before part of it spoiled.

The fresh frozen product is also a boon to manufacturers of jams and jellies who may now keep their factories running steadily 12 months of the year by using berries which are frozen a few hours after picking.

A special sample kit has been recently devised for salesmen who represent the industry. Dry ice is used as a preservative agent in the kit and a temperature between five degrees above and five below zero is always maintained. The same set of samples is carried for several weeks by simply replenishing the supply of dry ice in the kit.

—MANDUS D. BRIDSTON



Berries lead the list of frozen packed fruits. This picker works on red raspberries

PHOTOS COURTESY R. D. BODLE & CO.



Packing frozen peas in Cellophane containers preparatory to storing. Dry packing has practically replaced the brine pack for vegetables



Peas lead list of frozen packed vegetables. Here they are being unloaded from truck into a viner which baffles peas from the pods

# You Keep No Secrets from Your

By LEICESTER K. DAVIS



**Fact-finder:** These hands warn you to support every assertion with stronger than average evidence. Most certainly you won't make a sale unless you can back your presentation with facts



**Y**OU MAY not think it possible, but I can prove it nine times in ten. And that is high enough percentage of hits to satisfy anyone. Incredible though it may seem, your hands, during the first few minutes of our first chat, will tell me exactly the kind of individual you are.

Your appearance, your speech, your mannerisms, your reputation even may seem at variance with my deductions. Yet I'll be willing to stake anything that my deductions are correct.

Your hands will intrigue me more than anything about you from the moment we are introduced. As they settle upon the arms of your chair. As they sign a letter my call has interrupted, or reach for the telephone, or light a cigar, or fold themselves complacently across your vest.

I shall be hoping, of course, you haven't learned that I have analyzed

more than 30,000 hands. Because, if you have not, you will never guess that I am giving yours an expert once-over. There is little doubt that they conform to a type with which I am familiar, because almost every hand fits a definite classification.

Possibly I shall find yours of the solidly constructed sort, well fleshed—a trifle overmuch so. With straight thick fingers and thumbs, decidedly blunted nail tips, and broad flat nails of ruddy coloration.

The underportion of one hand as you make a gesture will disclose it to be well padded and deeply creased, with roundness particularly apparent at the bases of the thumbs. And as your hands are still a moment, I check the fact that your fingers have a tendency to spread apart with the thumbs swinging outward at wide angles.

This summary is all I need to place

you without hesitation as a "Vital Type." A straightforward, bluff chap, brimming with exuberance, honest, open-minded, interested only in things strictly tangible. A decidedly forceful worker, too, with a heap of driving power and an equal heap of courage and stamina. One who likes to get to the point of an argument with details left on the minus side. In other words, a "shirt sleeve" executive who doesn't mince words or delay action. A hard driver of others as well as self, making no excuses and refusing to take part in them unless they are more than thoroughly justified.

So I have tagged you. By doing so we have gone a long way toward a conference much to your liking as well as mine.

But your hands may not resemble those just described. They may be short and square, with fingers slightly ta-

# Hands



**Field Strategist:** An expert campaigner along calculated lines. He's strong-willed, stubborn when crowded, aggressive if necessary, candid to the point of tactlessness. His hands advise you not to waste his time or yours

pered rather than straight, and rounded at the tips. Thumbs, fingers and palms may be comfortably covered but far from pudgy. And, when at ease, fingers and thumbs have none of the open "spread" of the preceding type. There is also far less fullness at the under portions of your thumbs, both on the tips and the bases where palms are joined. The middle joints, too, are just a wee bit curved inward along the sides.

I place you quickly and without a qualm as the well balanced "Quick-thinking Executive" you either are or have it in you to be. You will not bother with things which cannot be completely proved, nor with speculative abstractions or projects unsupported by concrete plans and purposes. As a matter of fact, you'll balk at any job to which definite procedure has not been allocated.

Your abilities are certain to be of a sure-



**Business Line-Plunger:** His inner self as well as his body is rugged. These hands denote directness, dislike of details, quick temper, tireless driving power. But also generosity and open-mindedness



**Inventive Investigator:** He demands facts but doesn't hesitate to throw them overboard in arriving at uncannily correct conclusions. He's sensitive yet well controlled, strong willed, draws on nervous reserves that seem inexhaustible

footed variety which tests every step to clearly defined objectives framed by others or by you. And you are almost sure to despise details, although your insistence upon their efficient handling by others is probably relentless. You are fairness itself but no addict to mawkish sentimentality. And you can, when circumstances demand, fire quite as wholeheartedly as you hire.

You are, of course, thoroughly dependable. A job big or little, once given you for execution, provided that a plan and method are well established in your mind, is sure to be done no matter how great the odds.

With these facts concerning you, I feel ready to attack your interest and



**Technical Pioneer:** His judgments are proved by swift deductions coupled with scientific reasoning. Irritable at interruptions which he regards as irrelevant or inconsequential

attention, which I must catch and hold without delay before our talk gets anywhere.

But then again, your hands may be entirely different from those just considered. Perhaps my first impression is that of their elongated structure. And with this I find straight thick fingers, the tips of which when viewed behind are definitely chisel-shaped or spatulated.

As they cease moving, the thumbs fold closer to the palms than is usual. Which gives me the opportunity to note

*(Continued on page 107)*



# How to Beat the Communists

By WILLIAM F. RUSSELL

**MOST** real Americans would do their part to keep Communism out of this country. Unfortunately few know what to do. For their guidance, this article

**I**T WAS in August, 1918, that I met my first Bolshevik. We didn't call them Communists in those days. There had been a big rain that day in Vladivostok, and down across the street car tracks on Bolshei Vlitsa (Russian for "big street" or "broadway") were tongues of gravel and sand, a foot high, washed down from the steep unpaved streets that climbed the hill. I watched the Korean porters packing the debris in baskets, carrying it up, and putting it back into place to await the next rain. I climbed past them, on up to the great commercial school, where I was to lecture on American education to a crowd of teachers, patrons, parents who were all school board members.

I started at five. My interpreter finished at seven. Late into the night the questions continued. These people had revolted with Kerensky. They had welcomed the Bolsheviks. But they appeared happy to have been conquered by the Czechoslovaks and glad at the moment to be under inter-allied rule. I was curious about Bolshevism. What was the idea? What was it like? What did Lenin and Trotsky want? I was not long in suspense.

After the lecture, a man stopped me at the door.

"Good evening," he said, "my name is Wax. I did a year of graduate work in the States. Until last month, I was the Bolshevik Commissar here in Vladivostok."

You can imagine my surprise.

I said, "Come on home with me. What is Bolshevism?" and this is the tale he told to me:

Communism is not new. There have been forms of Communism since earliest times, even in America. But Communism as we know it was formulated by Marx, Engels and others, less than a hundred years ago. They saw some-



The fallacy of Communism is not in the ultimate goals which they borrow—peace, prosperity, social justice—but in their plans for realizing these goals

thing wrong with the world. The few had too much, the many too little. As Wax said that night, "Why should the rich have all the beautiful houses, pictures, rugs?" He even said wives.

### The "oppressed" workers

KARL MARX saw that every few years there was a depression. Wars were almost constant. The doors of opportunity were shut. Oppressed peoples and races were practically slaves. The Communists thought that such conditions need not exist. There could be peace on earth, good will to men, the good things of life could be more evenly divided if only men would apply their brains to the conduct of their life.

This man Wax was making quite a sales talk. It sounded pretty attractive.

"How do you plan to do this?" I asked.

"Well," he said, "the trouble today is that men are divided into two classes—those who own and those who earn, capitalists and workers. There is an inevitable war between the two. There can be no compromise, no truce, no armistice, no peace. It will be a battle to the death. Men are fools to love the Fatherland, the Patrie. The workers of one country should be better friends with the workers of other lands than with the capitalists of their own, who are their only enemy."

"Workers of the world, unite!" read the Communist Manifesto. "You have nothing to lose but your chains."

"Part of the trouble," continued Wax, "is in the churches. Men go to church, and what do they learn—to be humble, patient, forgiving, to look to the future life. All this is grand for the capitalist. So down with religion, shut the churches, banish the priests."

This done, the Communists thought, and the decks would be cleared so they could build a new world.

"And how are you going to defeat capital?" I asked Wax. "How are you going to win for labor?"

"Very simple," he replied. "We will use the idea of the Soviet. First we organize all the workers into unions—unions of carpenters, masons, plumbers, railroadmen—everybody in fact except the capitalists. Then each local sends its delegate to a larger council, and councils to the highest council. There is no need for congress, legislatures or elections. Everything can be accomplished by the unions."

"Lenin has organized a system by which the few can rule for the many. This is what we call 'Dictatorship of the Proletariat.' The Proletariat chooses its dictators. After that it is dictated to!"

"But what about the rich? The capitalists?" I asked, "Where do they come in?"

"Oh," said Wax, "that is the clever-

ness of the idea. They have no unions, and if they formed them, we wouldn't recognize them."

I remember how after this time the Kolchak Government failed in Siberia, how the Bolsheviks took complete control. They never made any pretense of democracy. They seized the power. My friend, Arthur Bullard, who was chief of the group with whom I served in Russia in 1918, said he was talking with Lenin in Switzerland in 1905. Lenin had outlined the whole Bolshevik ideal.

Bullard said, "How are the Russian people going to do this? They cannot do it for themselves, can they?"

"No," replied Lenin, "they are too ignorant to know what to do, too hungry to have the energy, too subservient to dare."

"And surely the Czar won't!" said Bullard.

"No," said Lenin.

"Then who will?" asked Bullard.

"I will," said Lenin.

They worked their way to the seizure of power like this:

Talk about peace, talk about social equality, especially among those most oppressed. Talk about organization of labor, and penetrate into every labor union. Talk on soap boxes. Publish pamphlets and papers. Orate and harangue. Play on envy. Arouse jealousy. Separate class from class. Try to break down the democratic processes from within. Accustom the people to picketing, strikes, mass meetings. Constantly attack the leaders in every way possible, so that the people will lose confidence. Then, in time of national peril, during a war, on the occasion of a great disaster, or on a general strike, walk into the capital and seize the power. A well organized minority can work wonders.

Now the Communist leaders have steadily insisted that Communism cannot live in just one country. Every country must become communistic, according to their idea. So they have sent out missionaries. They have supplied them well with funds. They have won converts.

These converts have been organized into little groups, each acting as a unit under the orders of a superior. It is almost a military organization. They attack where there is unemployment. They stir up discontent among those oppressed. They work their way into the unions, where they form compact blocs. They publish and distribute little papers and pamphlets. At the New York Times they pass out one called "Better Times." At the Presbyterian Hospital it is called "The Medical Worker." At the College of the City of New York it is called "Professor, Worker, Student." At Teachers College it is called "The Educational Vanguard."

These are scurrilous sheets. In one issue I noted 29 errors of fact. After a recent address of mine they passed out a dodger attacking me, with a deliberate error of fact in each paragraph. The idea is to try to entice into their web those generous and public-spirited teachers, preachers, social workers and reformers who know distress and want to do something about it.

These Communists know what they are doing. They follow their orders. Particularly they would like to dominate our newspapers, our colleges and our schools. The campaign is much alike all over the world. I have seen the same articles, almost the same pamphlets, in France and England as in the United States.

You see, when it comes to fighting Communists I am a battle-scarred veteran. But after 20 years I cannot tell one by looking at him. If only he were a tall man with bushy black whiskers, a bomb in his hand, a knife in his teeth, and a hand grenade in each pocket of his smock, I could recognize him. However, only the leaders proclaim their membership. The clever are silent, hidden, anonymous, boring from within. You can only tell a Communist by his ideas.

### Conditions that aid Communism

IF we are to combat Communism effectively, we must note the conditions under which Communism has come to flourish in foreign lands and then do our best to see to it that these conditions never obtain here.

Now what were the conditions that gave Communism its chance in Russia? These were, I think, three. First, widespread misery, poverty and distress; second, suppression of freedom of speech and the right of meeting and assembly; third, general ignorance. These are the three conditions that give Communism a chance.

When you have widespread poverty, when people are out of work, when houses are damp, dirty, cold and crowded, when children cry for food, there you have soil fertile for Communism. After a drudging day of despair, the family sick and cold, the doors of hope shut, you can't blame the unlucky for giving willing ear to the blandishments of the Communist propagandist, who says that Russia is a happy land.

One way, then, to fight Communism is to go into the root of poverty and distress. The American who wishes to fight Communism must make every effort to clean up the slums, to assist the unlucky, to cure the sick, to care for the widow and the orphan.

I wish to point out a misunderstanding, a mistake, that many loyal citizens

(Continued on page 94)

# Yes, You Can "Do Something About It!"

**A PERSONAL message from the President of the U.S. Chamber to the 310,000 business men who subscribe to Nation's Business**



**Recent events** in other parts of the world—and here—reveal the instant need of *renewed and sustained* effort to bring about a better understanding of "business" and the American system of free enterprise.

As expressed by H. G. Wells, "the race is between education and catastrophe."

Noticeable change in the public attitude toward business is definitely under way. "Business baiting" today is receiving less public acclaim. It is not as salable as political stock-in-trade.

People are beginning to think of business, not in terms of what it does *to* them, but of what it does *for* them. The public is responding to the simple truism—"What Helps Business Helps You."

**Public officials** are finding it more difficult to hide behind a smoke screen of misrepresentation concerning business.

Business men themselves, after a period of "Let George do it," now are beginning to state their own case, unafraid. They are not leaving the job of explaining their policies and practices to the professional agitator, the self-styled reformer, the political medicine-maker.

This new undercurrent of comprehension and support for business should be nurtured and promoted.

**Recognizing** that the United States is not immune to the world-wide revolt against established institutions, the Chamber of Commerce of the United States, through **NATION'S BUSINESS**, presented two years ago a program to bring about an understanding of the free enterprise system and all it means to Americans. The fact that 1,428 local organizations and 280 trade associations eagerly adapted this program to their local needs is evidence, first, of the demand, and second, of the sound reasoning back of the effort. Some idea of its acceptance may be gained from the fact that in the

past ten months local groups of business men have distributed more than 100,000,000 pieces of printed matter telling this story of the American business system.

**The first phase** of this program concerned itself with dispelling fallacies. Many of these "witches" are dead today. For example:

The fallacy that

"Two per cent of the people control the wealth of this country." *How many placed credence in the recent attack on the "sixty" families?*

The agitator's cry that property rights had no place in employer-employee relations. *Public opinion has forced a virtual abandonment of the sit-down strike.*

The charge that "capitalism has failed." *"We in America persist in our belief in individual enterprise and in the profit motive."*

(The President's address, June 23, 1938)

**Does anybody in the audience know this fellow?**



Messages such as "Business Success is also a 'Must,'" "Sharing the Wealth: 1936," and "What Does Business Care About You and Me" were hurled at these and other misunderstandings.

**The need arose** of dispelling an even more ridiculous fallacy, namely, that "business" was an evil thing, a terrible ogre seeking to devour men and women.

Business men, who recognized this fallacy, therefore, drew a sharper bead on the problem. They focus-

ed on the job of taking the curse off the vague word "business"—by the simple process of showing the public the flesh-and-blood folks behind this label. It exposed the straw-man dummy that demagogues had been belaboring as a whipping boy. It made the challenge direct: "Does Anybody in the Audience Know This Fellow? Name and Address, Please." It brought the issue home—from the fictitious "baron" to the real grocer and hardware merchant and banker on Main Street.

In a thousand communities business men carried on an earnest battle for a better understanding of business—its policies and practices. At the same time they resold to their communities the essential work of local chambers of commerce: "That's Where Chambers of Commerce Come From" and "What Did a Chamber of Commerce Ever Do for Me?"

**Months of intense effort** brought "business," the Wall Street abstraction, to Main Street as a neighbor and friend. Some of that insidious division between eastern and western business, and between big and little business, was broken down. And John Doe is less willing today to accept the wholesale attack upon banker, power and light operator, manufacturer, coal and oil producer and retailer.



This changing state of mind made possible a new appreciation that "What Helps Business Helps You." It opened the mind of the average man to consider whether a proposed attack on business would help or hurt him.

Business men, aroused, hammered this phrase at the public consciousness some 200,000,000 times, not including its visibility to 52,000,000 who daily passed the 12,148 billboards that carried it.

Thousands of men and women enrolled themselves as salesmen of the American way of life, using a "Sales Manual" that refreshed their minds with succinct facts about what they were selling and about its competitors or proposed substitutes for the American system.

**At all times** these business men were applying a local solution to a local problem. Public opinion springs from the crossroads of America, with the result that improved sentiment flowed upward and outward and thus became a national movement.



Examples: 557 newspapers caught the spirit of this revival and reprinted the messages, either as their own contribution or paid for by local sponsors.

Hundreds of publications made their own original comment in editorials or reported the activity of local business groups in their news columns.

Participants distributed 9,600,000 pamphlets expanding the shorter messages.

They placarded the messages on tens of thousands of billboards, office, plant and truck posters.

They used more than 1,000,000 auto and window stickers and multiplied the impression in more than 20,000,000 envelope and letterhead labels.

The radio, movies, schools, lapel buttons, postcards and some 30 other mediums ranging from bank statements to milk-bottle tops all contributed to swell this chorus.

Able speakers conducted more than 5,000 group meetings to enlist the active support of business men in bringing home to people the vital contribution of industry and commerce toward their happiness.

The effort did not even stop with these things. Armed with the "Sales Manual," 240 trained men made personal calls upon 500,000 business men in ten months. Other flying squadrons operated locally, reselling America to itself.

**It is upon the heels** of these localized yet concerted efforts that a change begins to come over the land in its attitude toward business. Popular polls and other tests of public sentiment register an unmistakable shift away from its detractors. Extreme pronouncements from Washington are greeted with a rising skepticism that has put political rain-makers on the defensive. The friends of business, sensing that they are not an ostracized minority suffering the just penalty of a solemn mandate, are recovering their voices again.

This renewed courage of business men in a thousand communities who have reassured themselves of their strength should be nurtured, encouraged, developed.

The momentum of a great national movement on its way to a restoration of faith and confidence in the nation's destiny is too inspiring to be slackened or abandoned with the battle half won.

**Now, the next step is clear.** Two facts stand out conspicuously. First, the Government is engaged in

another gigantic spending program, designed, it says, to provide jobs and "purchasing power." Second, in spite of the lesson of experience, there is still no general popular appreciation of the inevitable consequence to flow from this course.

The spending program may achieve temporarily a degree of success for its immediate objectives. But it is dissipating the resources that are vital to permanent recovery. *Ultimately it must be paid for by a grinding burden of taxes.*

The withdrawal of these additional tax billions from legitimate industry diminishes the ability of business to provide in future—*more goods and more jobs.*

The man who wants to hold his job and the man who wants to get a job are affected more disastrously than anyone else by this misguided chase after "purchasing power."

**Business men**, in their respective circles of influence, should carry on the program of understanding by urging customers and employees to reflect that government money is *their* money—collected from them in the price of the goods they buy—deducted from their day's pay—thereby *diminishing the purchasing power of the worker for the sake of those supported by government bounty.* And that most of this bounty is not, as generally believed, for the relief of the unemployed, but for regimentation.

They must make it clear that *business* does not "pay" the taxes. Business is of necessity the *tax collector*. The resentment of business against taxes is not based on the fact that these taxes come out of *its* pockets, but on the fact that taxes *reduce the opportunity of business to grow*, by adding to the price of its products and thus reducing the size of its pay rolls.

The clearest and most truthful statement ever uttered about this subject was "taxes are paid in the sweat of every man who labors." When this statement is believed by every one, the great economic leak can be plugged and all men can live better and labor less.

**Is the individual well-being** of a citizen of the United States helped or hurt by the large amount of his earnings expended through taxation by political bodies? Shall it be spent for electrical appliances or witch-hunting through Senate investigations? Shall it

be spent for new cars or government commissions and "surveys"?

Campaigns to lower taxes have met with resistance from two quarters. First, the average man in the street feels that business men oppose taxes because they have to pay most of them and thus close their ears to argument and discussion. This is a fallacy. Second, such campaigns have violated the first principle of salesmanship in not suggesting the alternative: *How will I benefit personally if taxes are lowered?*

The business man understands because he it is who is caught between two millstones. He is in a position



to explain that the burden of taxes cuts two ways. Taxes take away from the resources of business and are used for the most part by government agencies to make it harder for the manager of a business to carry on his job. Government activities, financed by this taxation, run the gamut from minor regulation through supervision, control and *out-and-out competition*, all of which injure business and restrict its ability to pay wages and provide more jobs.

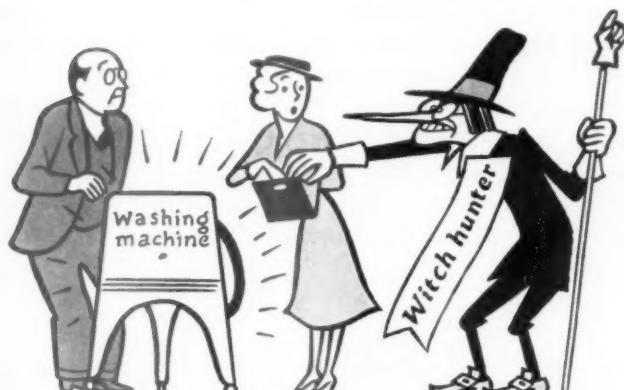
Technicalities must be made simple. Taxes are taken from the margin which business otherwise would employ for expansion and improvement. The narrowing—in many cases the extinction—of this surplus is a basic reason for the stagnation in industrial construction and the "heavy goods" industries. Which is but another way of saying that the unemployed and partially employed workers in those industries were made to suffer by the spending that called for these excess taxes.

In other words, *this is a tax depression!*

**These concepts apply not simply to big business but to the hundreds of thousands of small business men who in recent months have so valiantly carried the banner of this crusade.**

Most spectacular was the unanimity and vigor with which "small business" voiced its bill of complaints to authorities in Washington—dramatizing before the whole nation the handicaps which *all* business needed to have removed.

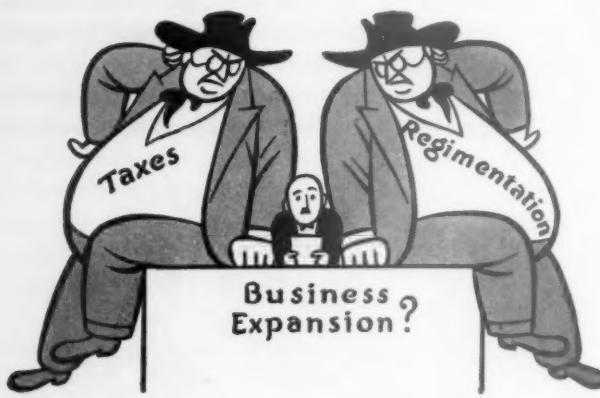
**Our problem after nine years** is becoming acute: *the number of business men who work at their own risk, and workers who seek work on their own responsibility is steadily declining.*



The business man knows that only work produces wealth, that employment is the country's first need.

The business man is a manager. He must manage so that the labor of men and the savings of men together produce what the consumer wants and can buy.

As manager, he knows that the productive powers of



the people are nullified by political waste and extravagance.

Spending and spenders are in Washington's favor. Thrift and savers get no recognition except when they are called upon for more and higher taxes.

**The business man** understands the deeper significance of the biggest bill ever rendered by government to the people of the United States. He itemizes the bill and finds it covers so many alleged services, foreign to the traditional functions of government, that they constitute a completely new concept of American life, and a chilling substitute for the former free American enterprise system.

How far afield government has ranged is indicated by more than 100 new boards, bureaus, authorities, commissions and corporations created since 1930 in the name of "recovery." How extensive these agencies are is immediately revealed by the huge congressional appropriations which they administer and spend.

**The people** must be made to see that they have allowed government to extend its once simple rôle of umpire to that of manager, captain, fullback, with a larger and larger box-office cut, and power to change the rules at every play.

They must realize that the bounties of government are the result of their own sweat and labor; that other monies of theirs are spent to protect them from witches and bogies which, for the most part, have been conjured up by the fervid imagination of office seekers.

What better job for the individual business man than to preach day and night the naked truth that "Government" provides no free shows, no publications, no guidance, no culture without its price. The bill comes home directly or indirectly to every man or woman who holds a productive job or who wants one.

**Americans have lived** so long under a free system that they have forgotten there is no limit to "policing."

Despite the "deplorable conditions" found so far in practically every activity of American life, "reformers" have a thousand new sets of conditions ready to be trotted out demanding federal activity and more expense.

The national stomach needs time to digest the abundance of new and strange foods which our political dietitians have prescribed for our well-being. Our business system must have time to assimilate the tremendous changes in our way of doing things.

Business men suffer because they have been dubbed "reactionaries." They are not reactionaries as every business man knows. They are realists.

They know that if they were not slow to accept untried theories on a large scale needless suffering would be caused employees, consumers and men and women with savings.

**The job of setting forth** these realistic facts is but half done. Its completion requires sustained and sacrificial effort.

It is all right to pass resolutions. But today you, the individuals, who compose business groups must rededicate yourselves to the faith in the American business system of free enterprise. You are a part of it. You are its trustees in a real sense. Whether you are on farm, in mine, in plant, counting house or store, you must crusade as our forefathers of old. If we really mean it, we must give more than lip service to the American idea and ideal.



**As a contribution** to such a program we submit as a starting point a message: "\$1,000 Reward . . . for the apprehension and conviction of the business man who wants fewer customers, fewer things made and sold, and fewer workers on his pay roll." It appears on page 91 of this number.

Are you willing to enlist? If so, call up your local chamber of commerce or trade association. It will supply you with a pamphlet outlining 40 ways in which you can take part personally.

*George K. Davis*

# Ambition Still Finds a Job

By GEORGE SMEDAL

**MAYBE IT** takes more courage than most of us have but many men with ambition still demonstrate that they don't have to accept relief merely because times are hard

**I**MAGINE a factory owner, who has just increased the pay of his employees as much as ten per cent each, having labor trouble because the plant cannot keep up with orders!

Think of a business man, to whom a single sale totaling \$15,000 was not unusual, starting all over again at an age when most men retire, and building up a new business so rapidly and solidly that, in three years, he bought the building he had rented, bought a lot adjoining and erected an addition to his plant!

What about a drug store owner, all ready to lock up his store because of lack of trade, striking a veritable gold mine that he had failed to work in more than 15 years of business?

And what about an investment house head who lost practically everything he had worked years to build up, entering one of the most competitive of businesses and staging a comeback with a novelty that turned out to be the answer to every homemaker's silent prayer?

And what shall we say about the fellow, fired from his job at 40, with a wife and family of growing children, finding his life's work just a few hours before he had planned to take his own life?

In days when one hears and reads so much about "depression" and its twin, "recession," it is refreshing to meet these American business men, many of them "down and almost out," who refused to be licked. Many of them have staged comebacks that read like the wildest tale of fiction, but each has built more solidly than ever.

Take the case of a drug store owner in a middle western state. He was ten years past middle age. He had kept in line with the latest developments



Now he has three stores, a large staff of messengers delivering his lunches

in store operation, but, somehow, business kept dripping away until he had actually set the day on which he would close up and get a job as a pharmacist in a competing store.

This fellow had been serving light lunches in his store for years. His place of business was in a district where there were hundreds of office workers. He spent almost his last ten spot for handbills which he had distributed at stores and offices in a ten-mile radius around his store. The bills announced that an inexpensive dinner or luncheon was to be had at his store in addition to breakfast. But the message on this handbill announced:

"We will deliver free to your office, store or home, your dinner, luncheon or supper."

It was a last and desperate attempt to recover business.

This week I talked with this fellow. He now operates three stores, has a large staff of messengers and this summer he is going to take a vacation—he is on a trailer tour of the United States and he plans to be away for three months.

The soap market is one of the most competitive in the United States. At present rival manufacturers are giving away automobiles, European tours, automatic refrigerators and what not in their battle to hold old customers and win new ones.

## An idea for merchandising

THIS was the state of affairs which a Minneapolis investment business head faced after his business had gone where a lot of businesses went in the late depression. Although apparently whipped, this man decided he could turn the tables and whip what had whipped him. When he got ready to place a household cleansing powder on the market he realized the competition he would have to face. He scratched his head for an idea—and found it.

He had observed that, when the homemaker has used the cleansing powder can, she usually hides it even though she may have used a decorative cloth of some kind to hide the can's ugliness. There was the idea this business man discovered. He designed a holder for the can of cleansing pow-

der which he was going to market. It was a glorified salt shaker, attractive in color with the trade-mark of the cleanser upon it. This holder was so designed that it will not fit any other can of cleansing powder on the market. And the bottom is drilled out so that it cannot be filled or refilled with bulk powder.

A few weeks ago I visited this man. He is now employing 30 persons in his factory, selling thousands of cases of his powder every month, invading the national market and right now is on a trip to the eastern seaboard and the Pacific Coast where two branch plants are to be established.

In St. Paul, Minn., is one of the nation's most expert fishing fly manufacturers. But with the "depression" and "recession" folks just didn't seem to have much interest in fishing.

He was just about ready to call it quits and try something else when he remembered something he had seen hundreds of times. He decided that, if men wouldn't buy his fishing flies, the thing to do was to appeal to the women. He recalled how many women have refused to go fishing because they won't handle squirming worms or wiggly minnows. So this Minnesotan built up a display of his finest flies, held open house for the women and today his business is fine.

To an Armenian living in Chicago the sale of a \$15,000 rug to a resident of the city's Gold Coast was by no means a rarity. But these sales became fewer and fewer and soon this rug dealer discovered that he had no business left.

Maybe he was discouraged when he had to close up his business but he wasn't out. With his two sons he

opened a rug cleaning establishment in Chicago, miles from the location of his one-time swanky store. Much of the machinery for his plant was obtained just because the manufacturers knew they could trust him.

#### Successful rug cleaning

HE rented a small building and for the first year he joined his sons in doing the actual cleaning labor on the rugs. In three years he has bought the building, bought an adjoining lot and erected an addition to his plant. On one day this season his drivers brought in more than 750 rugs to be cleaned.

He was 40 years old, married and had a family of three growing children. For 20 years he had been engaged in newspaper editorial work and had never thought that some day he might find himself without a job. But that actually happened.

Terrified by the prospects, this man had decided to take his own life. His death would mean a \$10,000 payment by an insurance company.

One afternoon while he was trying to decide the most painless and least gory method of doing away with himself, he had an idea—but it was far removed from his own death.

During his years on the editorial staff of a daily newspaper this man had dabbled more or less in advertising. This afternoon he got to thinking about advertising and recalled that many of the smaller businesses, if not most of them, did not have the services such as rendered by an advertising agency. He decided that, if he could serve just a few of these businesses in preparing and placing their

advertising, he could at least make enough money to feed, clothe and house his brood. Today this man is earning more money in a week than he previously received in a month.

In Chicago there is a fellow by the name of Norman A. Siegal. He used to drive racing automobiles on dirt tracks. One day he decided he wanted to get some kind of a vehicle that would be handy when he had to go on errands in the Chicago Loop. He dabbled around and finally placed a washing machine motor on a contrivance to which spare parts from a baby carriage contributed. That was the idea. Siegal was delighted and so were his friends to whom he showed the new vehicle.

From this beginning has grown a business that this year will see the manufacture of 12,000 Moto-Skoots worth \$700,000. Some folks refer to this vehicle, a two-wheel, rubber-tired, motorized "puddle jumper," as a roller skate with a motor. But no matter what they call it, they buy it. Cigarette manufacturers have popularized these vehicles in their advertisements; movie stars use them on the beach and on the studio lots and Siegal can't keep up with the orders.

Now Siegal is employing more than 80 persons in his plant manufacturing these vestpocket motorcycles.

The other day Siegal announced that he was raising the pay of his employees ten and five per cent, depending on their length of service with the company. But still some of his workers are dissatisfied. Most of them have orders in for Moto-Skoots but business is so good that they will have to wait until the outside customers are served.



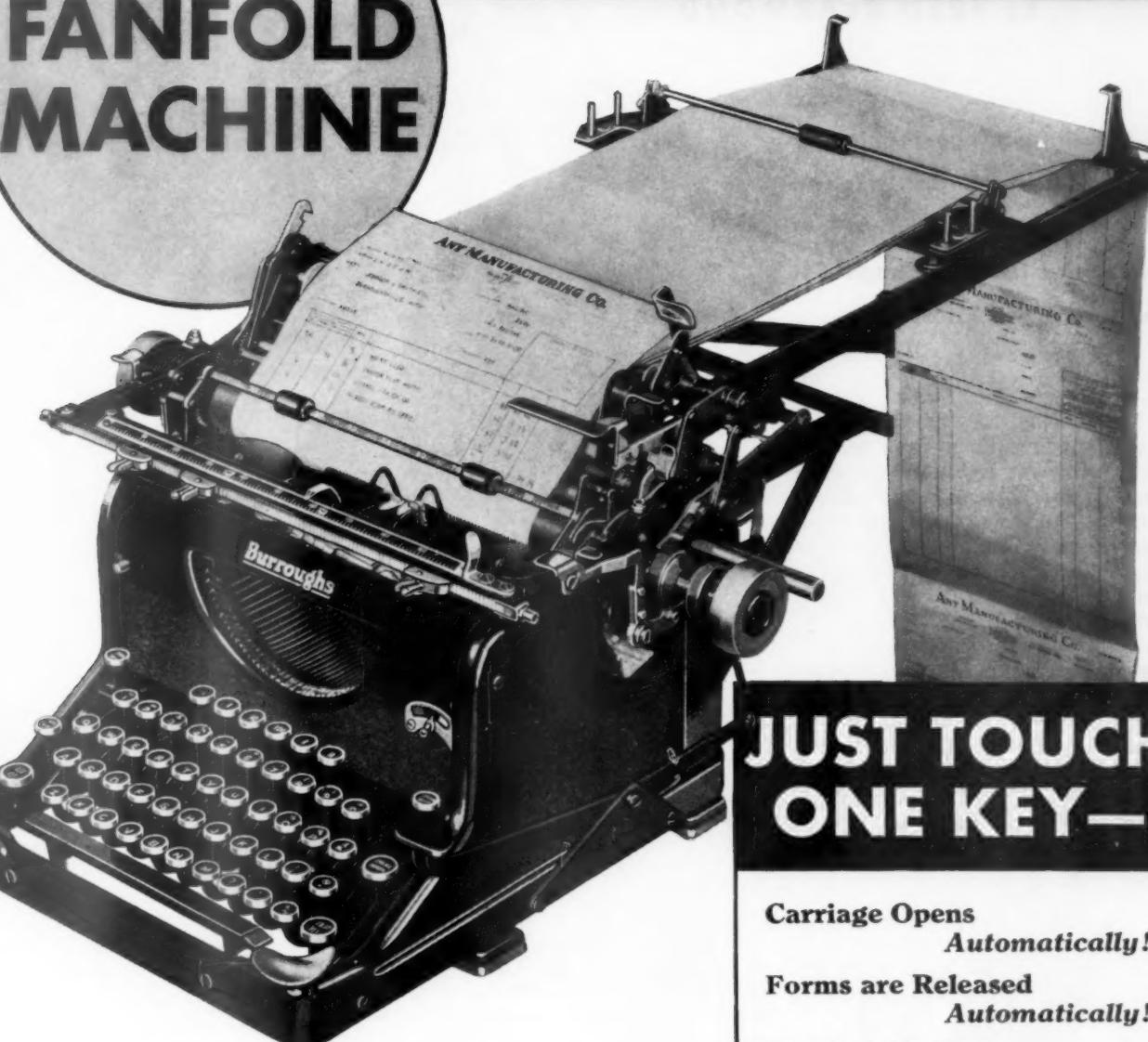
He finally placed a washing machine motor on a contrivance to which the spare parts of a baby carriage contributed. From this beginning has grown a business employing 80 persons

# Burroughs

**NEW**

**FANFOLD**

**MACHINE**



**JUST TOUCH  
ONE KEY—**

- Carriage Opens  
Automatically!**
- Forms are Released  
Automatically!**
- Carriage Returns  
Automatically!**
- Carbons Shift  
Automatically!**
- Then—as the operator removes  
the completed set of forms—**
- New Forms Lock in Place  
Automatically!**
- Carriage Closes  
Automatically!**

**THE MACHINE  
—NOT THE OPERATOR—  
DOES MOST OF  
THE WORK**

## **ELIMINATES ALL NEEDLESS COSTLY MOTIONS**

Users of fanfold machines are amazed at the simple, automatic action of this remarkable new Burroughs Fanfold Machine.

They quickly realize that it cannot waste costly time—that it does not waste physical effort.

See for yourself how it will enable your operators to sustain high-speed production with much less effort, thereby lowering your costs of handling fanfold or continuous forms of any kind. Ask for a demonstration.

**BURROUGHS ADDING MACHINE COMPANY**  
6100 Second Boulevard, Detroit, Michigan

# What Money Can't Buy

By FRED DEARMOND

IT'S the little things that make a loyal personnel and a good name for the company. A few of them are listed on page 44. How do you stack up?

**I**N THAT SIMPLE, pastoral stage through which industry was passing until a few years ago an enterpriser concerned himself with but two major objectives—to produce a good product or service and to find buyers for it at a price that left him a profit. Of course there were other corollaries to these. It was necessary to treat his employees well and to pay them fair wages or they might go over to some other business. Likewise with his customers, who demanded a certain amount of courtesy as well as good values. But, in the main, he could concentrate his energies on production and distribution. Into them was pour-



"I like to go out with the men in my shirtsleeves and use a spade."

ed the genius of management. That both were well done will not be disputed.

Now, when business is under fire from economic and political dervishes as something unclean, other matters demand a coordinate place in management's attention, along with production and distribution. These two are no less important than formerly but others are added to the load. Today a business must go after a thing known as public good will just as earnestly as it goes after orders. It must seek diligently for another good—employee satisfaction. Formerly it did all its selling to customers and prospective customers. Now it must sell its own employees as well as the public.

To many this will seem to be the job of the politician and not of the business man. It does seem unfortunate that the business man must turn from his job of manufacturing goods and services and take up the unfamiliar task of manufacturing good will. Nevertheless, it is necessary to survival that he do so. Whether or not he likes it, right now that should be the principal undertaking of the head of every business.

What do executives say when this question is brought up? Frequently something like this:

We have no employee relations problem. We treat our people so well they are all contented. Our organization is just like one happy family. As for the outside public, it knows that our name stands for high quality and a square deal.

## Exaggerating their good traits

LIKE whistling in the dark, or shouting platitudes in a stump speech. A New York market research man told a group of sales executives recently that, in the absence of objective facts, nearly every business executive materially exaggerates his company's standing with the trade and the relative position of its products in the market, while minimizing competing firms. This trait seems to be even more pronounced in the realm of public and employee relations.

Many who spoke with such confident assurance have had to wrestle with adversity soon thereafter. One man who bragged about his own idyllic situation had no sympathy with most of those plagued with labor troubles. He thought they "had it



CHARLES DUNN

Nobody expects the business man to mount a soap box to answer his critics but, fortunately, there are other ways

## Here's some wise advice you can't possibly follow



### "PUT YOUR EGGS in a lot of baskets."

That is an old investment principle the wisdom of which nobody disputes. But for the average man, there is just one thing wrong with it—he hasn't enough eggs.

Even the man of great wealth finds it difficult to follow the principle of diversification far enough. To do so means that he must spread his money over many different types of investments, over many different industries, and in many sections of the country.

But the principle of broad diversification *can* be followed by a life insurance company.

Many factors join hands to form a protecting ring of safety around the money the company invests for the benefit of its policyholders. The dollars invested go

only into types of securities defined by wise rules based on the long experience of life insurance companies and embodied in the insurance laws of the various States, and of the Dominion of Canada.

A staff of investment specialists, each an expert in his particular investment field, has been drilled for years to consider return on the principal secondary to return of the principal.

In the course of making investments, a mass of economic information is compiled, weighed, and digested. And the placing of every dollar that goes forth to earn has been checked and cross-checked.

There is no "risk-less" investment. Life insurance companies do, however, achieve maximum safety for their funds, not only by having a very large number of eggs, but also by investigating

thoroughly each of the many different baskets into which they put those eggs.

*Life insurance offers to the man with only "one egg" a reassuring means of putting that egg into many baskets.*

COPYRIGHT 1938—METROPOLITAN LIFE INSURANCE CO.

*This is Number 6 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.*

### Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,  
CHAIRMAN OF THE BOARD  
Leroy A. Lincoln,  
PRESIDENT

1 Madison Avenue, New York, N. Y.



coming to them" because they were "chiselers."

His firm was different. But when I saw him less than a month later his plant was closed by a strike. Employees whom he considered perfectly contented and 100 per cent loyal had suddenly made demands that he felt he could not meet.

In predicaments like this, it happens with surprising frequency that the public, which was supposed to have an undying affection for the company, proves coldly indifferent or positively hostile to its cause. Trade association men who tried to have their members present a common front against labor disaffection have met this wall of complacency on the part of members who thought it couldn't happen to them and were indifferent to the involvement of others whom they considered less fortunate. Custom is so strong that business still hits much harder blows at other business than at its real opposition.

#### Workers are puzzling

NO ONE—unless it be the political seers or John L. Lewis and his lieutenants—seems to know what working men and women are thinking about. What moves them to action in the mass appears to be a closed book to some industrialists who may know their technology like the alphabet. The worker who inquired solicitously about the superintendent's sick child last week may be slugging "scabs" with a baseball bat today. The woman who greets her foreman so cordially this morning may be on the picket line tomorrow trying to tear the clothes off some other girl who wants to work.

Employers nursed a false sense of security. Because they considered themselves liberal, they refused to believe their employees could be dissatisfied. That workers to whom they had lent money in family emergencies would listen to the advice of pied pipers instead of coming to them they did not rate as a possibility. But that is just what happened. Many a strike was lost because self-satisfied employers waited until the storm broke before mending their fences. Nearly all the strategy was exercised by the labor leaders.

After they had suffered much from costly suspensions of operations and damaging publicity, besides submitting under duress to hard and humili-

ating terms from the unions, a great many industrialists turned to the specialists in good will building, as had been their custom when facing other tough problems. Public relations, industrial relations, personnel and publicity all came in for attention. Departments were set up or counsel engaged for the job of making friends of employees and the public.

This function, heretofore considered a luxury for a few of the larger corporations, stepped up to the status of a necessity.

All this represented progress toward a new emphasis on the human factors in business, even though it was in some cases but a tardy locking of the stable door. At least it was an advance from the habit of calling in an attorney every time a new experi-

appropriation. The diplomatic staff was expected to manufacture employee loyalty or community good will like the production department manufactured shoes or trailers.

#### Loyalty is built up slowly

THE illusion is not new that a clever publicity man with a facile pencil and the necessary press "contacts" can soon change hisses into hurrahs. The fabulous achievements of Harry Reichenbach and Ivy Lee have created many extravagant illusions about horn tooting. Similar psychological miracles are fondly expected to turn employees into the meek who are still supposed to inherit the earth.

Hard experience is smashing some of these illusory hopes. Loyalty, good will, friendliness, it turns out, are not to be had through mass production methods. They are still handmade. The process is slow and painful and many hands must contribute to it. A public relations or industrial relations division cannot be organized as a separate compartment of the business

responsible for delivering these intangibles according to budgetary schedules. No matter how able the department head or counsel, he cannot shoulder responsibility for results as a sales manager, credit manager or advertising counsel would.

Frequently this individual whose business is to wave Aaron's rod and produce sweetness and light finds that his is first of all a job of training the company's executives. A thousand and one little things may assume more importance than the big things. Most of these little things arise with or are inspired by management. When it comes to their effect on human relationships the little actions of the executive must be weighed on very delicate scales.

Some of these pregnant trifles are delicate matters that a subordinate may hesitate to suggest to his chief. Avoiding the appearance of luxury, for example, touches on a privilege that the individualistic industrialist is likely to consider as nobody's business but his own. If he chooses to have a chauffeur drive him to the office in his Cadillac, that isn't taking anything from his employees' pay envelopes. Yet it does provide some ammunition for envious criticism by agitators.

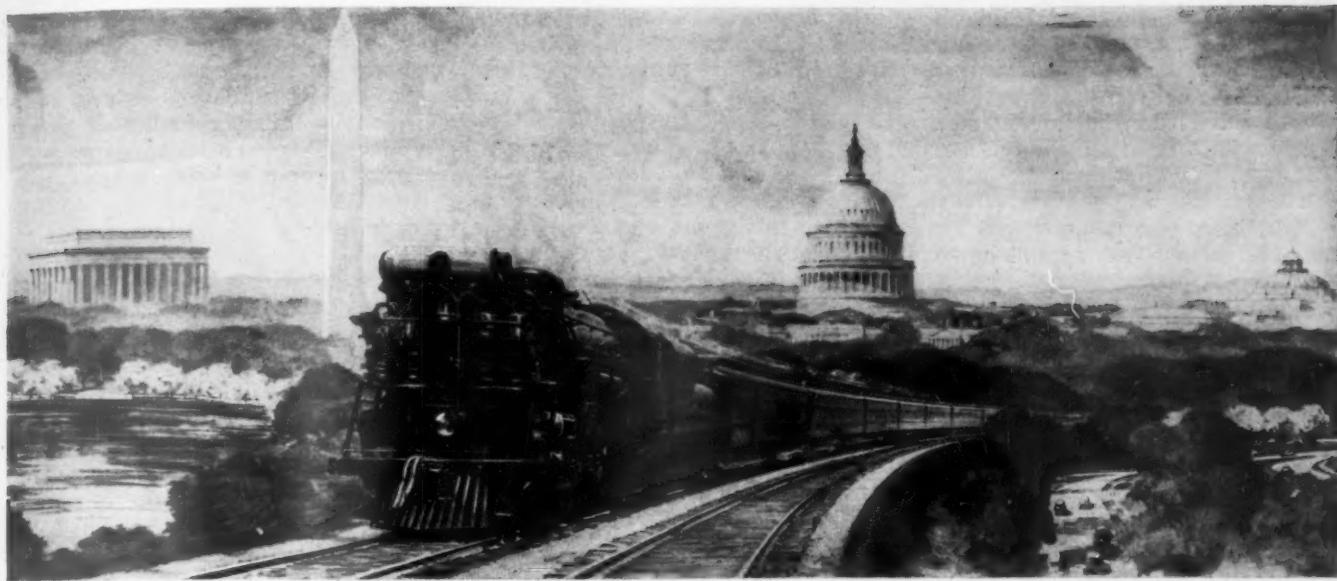
The head of one concern made a practice of golfing every Saturday afternoon. He carried his clubs down to the office in the morning and some-



Employees whom he considered contented suddenly made demands that he felt he could not meet

ence had to be faced. In this industrial revolution lawyers are even more at sea than production or sales managers.

But under such conditions, as was but natural, too much was expected of this new arm of industry. Inevitable disappointments followed. An inclination developed to look on the whole thing as a troublesome detail that could be handled by a sizable



*The George Washington, crack Chesapeake and Ohio Flier, pulling out of Washington, D. C., bound for Cincinnati, Louisville and points west*

## COMPTOMETERS keep C & O figure work on fast schedule

• The Chesapeake and Ohio Railway Company has long been recognized as one of the most efficiently managed railroads in the United States—and this efficiency applies to C & O figure-work methods as well as to the more obvious phases of this company's activities.

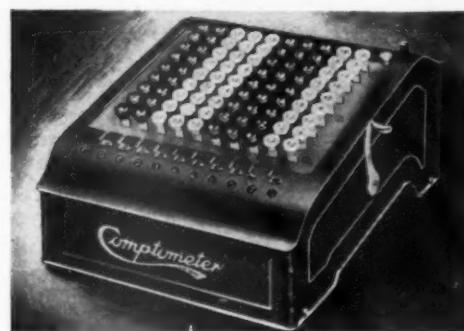
For 26 years, the Comptometer has played a major role in C & O figure-work methods . . . kept C & O figure work on fast schedules. In the entire C & O organization, a total of 165 Comptometers (including 71 Electric Model K machines) are used on such varied work as checking multiplications which represent the basis of this road's proportion on interline settlement sheets, dividing passenger mileage sheets, making extensions for the issuance of statement of differences and corrections, verification of both interline and local passenger accounts and freight waybills; also in handling other miscellaneous figure work where speed and accuracy are essential.

Comptometers are also used for zone revision, auditing overcharge claims, payrolls, bills, vouchers and car accounting.

C & O officials report complete satisfaction with Comptometer machines and methods.



**Comptometer Bureau** of C & O's Auditor of Revenues at Richmond, Va. The work handled on this Comptometer "battery" includes addition, subtraction, multiplication and division. The Shaw-Walker Desks shown here are specially designed for Comptometer use.



THE ELECTRIC MODEL K COMPTOMETER

• A Comptometer representative will gladly demonstrate (in your office, on your job) how Comptometer methods can save your concern's time and money. Telephone your local Comptometer office, or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago, Ill.

# COMPTOMETER

Reg. U. S. Pat. Off.

times wore his golf togs. Then, at noon, somewhat apologetically he gathered up his paraphernalia and left for the club, not to return until Monday. As a matter of fact, he probably worked harder than any member of his organization; still he felt self-conscious about that Saturday afternoon diversion. He didn't want to give up his golf, so he announced one day that thereafter the establishment would be closed at noon on Saturdays so that everybody could choose his recreation. That was before the general vogue of the 5½- and 5-day week.

"Our boss is a good egg, very democratic and all that," a sales woman in a dress shop remarked. "But his wife has a lordly air when she comes down to the store that burns me up. All the girls try to avoid her. When she buys anything she's crankier than any customer. Takes out dresses, wears them and then sends 'em back. Acts like she's somebody and wants to shout it."

This should suggest something to

employers who are careful in handling their people and who may have minimized the importance of the right attitude on the part of members of their families.

#### What do employees really think?

ONE probably couldn't find a business executive who would admit he has gone "high hat" or who could see anything in the conduct of his business that would justify in his mind epithets like "feudal baron" or "big shot." But it isn't a question of what he thinks, nor of what his employees say to his face. Whether or not he invites it, an employer is the subject of much flattery and kow-towing. The test is what his employees think and say among themselves.

A bakery company gave a dinner at a hotel to its route salesmen. Contest prizes were to be awarded. There was entertainment and a guest speaker. The president of the company, in a dinner jacket and on his way to

another function, stopped in at the affair for a few minutes, greeted the sales manager, waved at "the boys" and was on his way. The effect was worse than if he had not appeared at all. Some of the men resented what seemed to them an evidence of uppishness by the boss, because he had rated his social engagement ahead of what was, in their eyes, an important occasion.

Failure to encourage individualism is a bet often missed, especially by the larger companies. Exaggerated military line organization and the striving to standardize everything have a tendency to make men receptive to unionization. A man who works for a laundry company with several units in the same city was complaining about this:

I was hired by the general sales manager over in the main office. When he gave me the job he told me to come in and see him or his assistant any time I had anything on my mind or any idea for the good of the business. He said suggestions always were welcome. But I soon learned that nobody in the organization does that sort of thing, and for a good reason. To go over the head of my supervisor would only get him down on me, then he'd start riding me. And to go to the general office without the knowledge of my plant manager would prejudice him against me.

Why don't I spill my suggestions to the supervisor or the plant manager? Well, here's what happens. I'm just a route man. He says, "No, that won't do; we've tried that already."

Or maybe he says, "I'll pass this on to the general office and see what they say."

But he doesn't pass it on as coming from me. After a while I figured the best way to get along here was to play with the boys, join the union and keep my mouth shut.

#### Trifles are important

IF THE negative little things play a big part in the making of company character and better employee relations, the affirmative trifles are no less important. There was the New York elevator operator with whom I talked during one of the strikes that made so many climbers out of Manhattan cliff dwellers. He was still running his car in a big office building on a day when any passenger might be a striker with a piece of lead pipe under his coat.

"I wouldn't quit, on account of the boss," he told me:

You see, when I had pneumonia last spring the building manager (vice-president of the company) came over to my apartment to see me. As he left he handed the wife a signed blank check and told her to fill it out and cash it for whatever money she needed. Of course we didn't have to use the check. But I'm not forgetting a thing like that.

I know an oil refining company president who has specific ideas on this executive characteristic. Here is

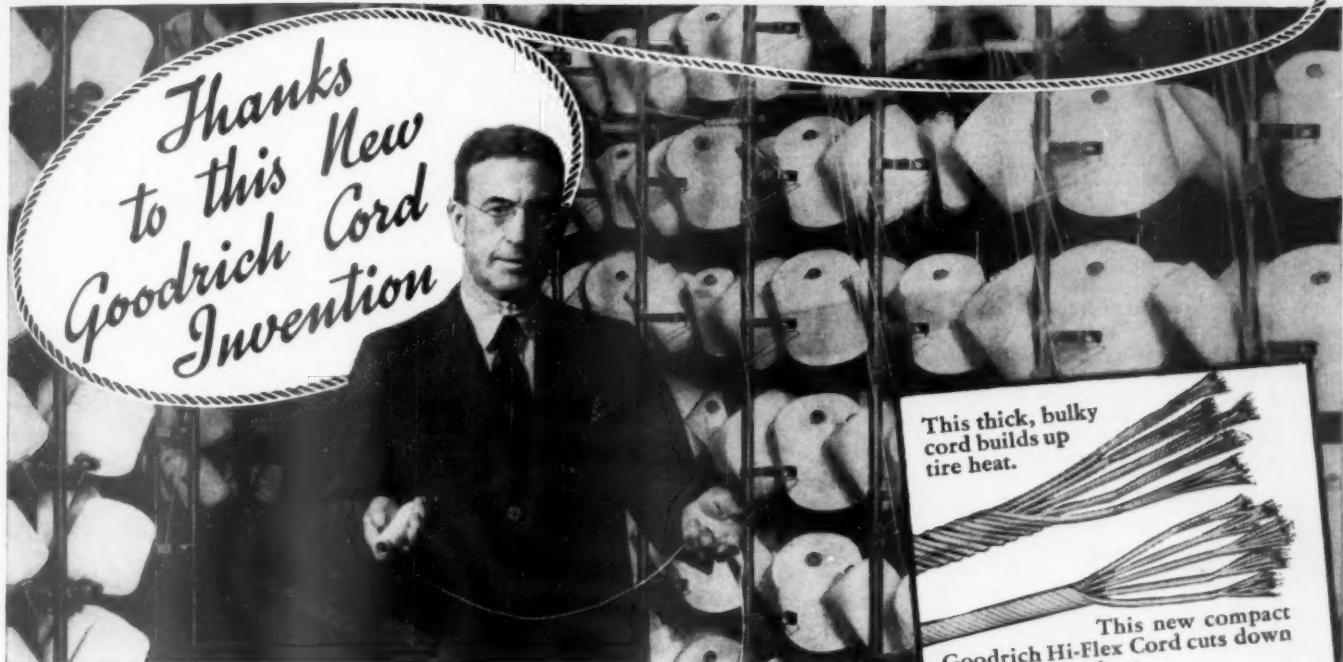
(Continued on page 72)

### Check List for Executives

THESE QUESTIONS are taken from a list of 112 which appeared in a series of four questionnaires prepared by H. C. Marschalk, president of Marschalk & Pratt Marketing and Advertising Service, for the self-examination of executives of industrial concerns. The four questionnaires relate to "You," "Your Company," "Your Product," and "Your Contact with the Public." They are designed to be answered by the chief executive himself and the executives directly under his control, solely for the information of the head of the business, to guide him in directing the all-important employee and public relations policies of his company.

1. Do you attend office or shop functions, the annual picnic, etc.?
2. If you do, is it as a "brass hat?" Do you "preside," make the "speech of the evening," "raise hell with 'em"—or do you pass the gavel to someone else?
3. Do you use a private entrance? A private elevator?
4. Is your office ten times as costly as the average executive office in your company?
5. Do you take an actual and sincere interest in the people who work closely under you—in their wives, children, domestic situations, and in their material progress?
6. Do you raise executive wages or increase executive bonuses (your own included) at the same time that you either cut the hourly rate or the work week of your workers?
7. Do salesmen (not canvassers) "have a hard time getting in" your office?
8. Are incoming phone calls routed *promptly* to the proper persons, or are phone users "hung up?"
9. What percentage of your present employees are sons of employees?
10. Do you cooperate fully with the press, or do you rather "fight shy" of reporters, and attempt to suppress news that might be unfavorable?
11. Do you welcome, under proper safeguards, news photographers?
12. Instead of cultivating news writers and cooperating with them, has your company ever attempted to put over any "publicity stunts?"

# DOWN GOES THE DEATH RATE *for TRUCK and BUS TIRES*



## New Goodrich Tire Lasts Much Longer Because It Runs Cooler

Here is a new way you can secure greater truck tire mileage, lower costs, and greater safety, at one and the same time!

All because of a new kind of tire cord — brought to you in the Goodrich Triple Protected Silvertown. This cord — called Hi-Flex — is smaller in diameter than ordinary cord, more compact, more elastic.

### NEW KIND OF CORD!

Under constant flexing, ordinary cords usually stretch, increase in length, take a permanent set. That's what causes tires to "grow," to become flabby, and eventually to fail. Hi-Flex Cord stretches — yes — but because it is more elastic, it comes back alive! Returns to its original length.

It retains its strength and elasticity under the terrific pounding on the high-

ways. And because Hi-Flex provides strength without bulk, the whole tire is more compact. And it therefore runs COOLER. The sizzling temperatures which kill off so many tires just don't develop!

### TIRES TRIPLE PROTECTED

Only Goodrich gives you Hi-Flex Cord — and only Goodrich gives you the combination of these three features which, working together, lick load problems, lick speed problems, and practically eliminate sidewall breaks:

1 **PLYFLEX** — a tough outer ply which distributes stresses throughout the tire and prevents local weakness.

2 **PLY-LOCK** — a new method of locking the plies about the beads, anchoring them in place.

3 **HI-FLEX CORD** — full-floated in live rubber — cord that retains its strength and protects the tire against getting dangerously hot.

### TESTS PROVE CLAIMS

This amazing new Triple Protected tire has been tested on tire-killer runs. Tested

where they said no tire could last more than a few thousand miles. But the new Silvertowns took it on the chin, ran two and three times longer than the best tires used before! Set records which old-time tire men said were almost unbelievable!

### NO EXTRA COST

Why not start saving now? Put these same tires on your trucks. Try them on your toughest haul. Save on every mile. They are premium-built tires but they carry no premium price! Just call a Goodrich dealer for prices.



# Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

# No Business Can Escape Change

**Business continues mankind's greatest benefactor because it alone can deliver the goods others promise**

**1 • FOR CHILLING** drinks without diluting there is a new liquid-filled glass tube with handle. The stirring device is frozen in the refrigerator, then it cools the drink while stirring.

**2 • A FLEXIBLE** rubber tube conveyor simplifies the handling of granular materials from dust to 2" lumps. Material can be carried vertically and in two or more planes without transfer. The moving tube is kept closed except at loading and unloading points where special rollers open it.

**3 • TWO new** super-ammoniated fatty acid soaps are water dispersible and when applied dry readily to give water repellent films of good lubricating value. They have been used in coating, filling and cleaning paper, textiles, leather, metals, wood and other products. They have excellent detergent properties, can be used to waterproof concrete.

**4 • A NEW** machine for the dispersion or emulsification of liquids or solids in liquids is designed with a simple, sanitary construction, and to eliminate air from the processing. It is jacketed for temperature control, is completely and easily disassembled for cleaning and sterilizing.

**5 • A NEW** paper lacquer which is moisture proof prevents moisture from entering packaged goods, or retains moisture in the package if intended. It is also resistant to scuffing and scratching, and alcohol and greases. It prevents offsetting and smearing of inks on labels of products which must be packaged while hot.

**6 • A SOFT** lead strip of new design, when used with a special caulking compound, is said to give a permanent seal, proof against leakage and staining, for any masonry joint.

**7 • AN INGENIOUS** locking principle for the reflectors of industrial lights makes it impossible to light the lamp until the reflector is properly locked in place. The reflector is fastened by a short turn; no setscrews, levers, or threaded necks are used.

**8 • A NEW** device for fishermen permits the simultaneous dropping of two anchors, at bow and stern, without moving from their seat. The anchor ropes are on a reel which releases them to the same depth and draws them in simultaneously.

**9 • A SMALL** signal panel for automobiles shows whether all lights are operating properly. When the headlight high filament burns out, the current is switched to the low and a panel signal indicates the change. Headlight, taillight, and stoplight, when out, give their characteristic signals.

**10 • A NOVEL** industrial product resembling wood and plaster has high insulating value, light weight. It can be made in sheets or molded into any desirable shape, which later sets into a hard, rigid mass. It will hold nails, will withstand 900° F.

**11 • A RUBBER** cover which fits any automobile steering wheel keeps the wheel clean when the car is to be driven with dirty hands. It's particularly advantageous when white gloves are worn while driving.

**12 • A MORE** powerful and more concentrated light is provided by a midget 1,000 watt mercury lamp whose arc is approximately the size of a common pin. The lamp provides 12 times the light of an incandescent lamp of similar wattage. It can be supplied with much or little ultraviolet radiation. With a water-cooled bulb, it gives a very cool light.

**13 • VERY HIGH** vacua, as much as 1/10,000,000 mm. of mercury, are obtainable with a newly developed vacuum pump. It operates at a high pumping speed, in excess of 1,000 liters of gas a second, and uses synthetic pumping oils and greases of very low vapor pressures.

**14 • STORAGE** batteries with a new type porous rubber separator are said to have lower charging voltages, greater capacity, and improved resistance to overcharging.

**15 • A SYNTHETIC** filament to replace gut for fishermen's tackle, according to preliminary tests, is strong, does not swell in water, and resists fraying and cracking.



**22 • A new** automatic type-casting machine employs a standard model typewriter for its keyboard, casts a line at a time for either multigraph or letter press. The sheet in the typewriter shows errors which may be corrected before being cast. Margin justification is automatic. Either pica or elite typewriter faces may be used.

**16 • SKID** platforms of a new design have steel frames and legs that are factory made. Wooden tops can be made or replaced locally by inexperienced workmen.

**17 • A DISTINCT** type of Mazda lamp is now made which has an efficient reflector unit inside the bulb. It has a parabolic flared bulb, coated on the inside of the flare with metal which has a high polish and directs the light in a powerful beam. It is made with narrow spot beam or with wide flood beam.

**18 • A NOVEL** optical device for the door permits you to see who is ringing the door bell without being seen yourself. It is small, easily installed, and said to be an effective crime preventive.

**19 • A PUTTY** containing rubber remains permanently plastic, sticks to steel, wood, or glass, is effective as an aquarium cement or a marine caulking compound.

**20 • A NEW** paint is said to make an effective seal over creosoted lumber. Creosoted floors, poles, guard-rails when painted with it are said not to stain other materials.

**21 • A NEW** cigarette holder uses a glass fabric filter which can be easily cleaned with a special cleaning fluid, or with hot water, alcohol, or any detergent. —WILLARD L. HAMMER

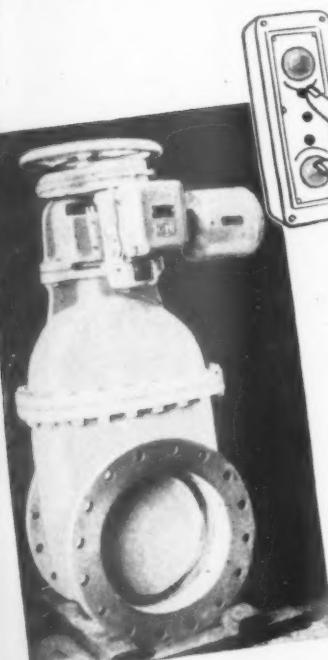
**EDITOR'S NOTE**—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

# Anything that flows

## C-H VALVE CONTROL UNITS START, STOP, MIX, REGULATE . . . AUTOMATICALLY

No matter what you handle in your plant—if it's gaseous, liquid or the consistency of grain or sand, Cutler-Hammer Motorized Valve Control Units can save time and money, speed processes, and give far better results—for example, in the case of chemical processing where accuracy and precision of control are at a premium.

Cutler-Hammer Valve Control Units are available for any size of valve from  $\frac{3}{4}$ " up . . . for any type of valve from butterfly to the armor plated monsters that handle steam at 2000 pounds. It is difficult to picture briefly their enormous engineering superiority, but there are certain tests you should know about before you select valve control. And in the Cutler-Hammer line there is such breadth of variety as to make positive you get what you need. This is another outstanding contribution of Cutler-Hammer to the progressive betterment of industry. Cutler-Hammer, Inc., Pioneer Electrical Manufacturers, 1251 St. Paul Avenue, Milwaukee, Wisconsin.



At the touch of a finger, the sequence carries on. No need to stand and watch, no need for constant supervision. C-H Valve Control Units are a tremendous stride forward toward precision plant operation.

**CUTLER-HAMMER**  
**VALVE CONTROL**  
**C-H**

ANOTHER CUTLER-HAMMER CONTRIBUTION  
TO BETTER LIVING

## Leaders in the March of Business



L. O. Head (seated)



William A. Blees



Allan S. Austin



K. T. Keller



P. E. Letsinger

**L. O. HEAD**, president, Railway Express Agency, who five years ago inaugurated a plan that made everyone of the Agency's 57,000 employees a trained salesman and backed their efforts with research and advertising. His plan has been consistently successful ever since with steady gains reported monthly in both rail and air divisions.

**WILLIAM A. BLEES**, new sales manager of the Nash Motors Division of Nash-Kelvinator. He entered the automobile business as a retail salesman in Kansas City nearly 20 years ago and has spent the past five years supervising automobile advertising accounts. He has played a large part in the development of accounting and business systems and car financing plans used by dealers today.

**ALLAN S. AUSTIN** will manage the construction organization in England which is to be set up by the Austin Company of Cleveland, Ohio. He is the grandson of Samuel Austin, founder of the company, and had an active part in construction of the \$40,000,000 automobile plant at Gorki, Russia. The London organization will be the company's first complete, permanent staff outside of the United States and Canada.

**K. T. KELLER**, president of the Chrysler Corporation, who announced that his company had spent more than \$15,000,000 for equipment with which to build improvements and advances into the 1939 line. Emphasized his belief that car sales for the entire industry would amount to between 2,750,000 and 3,225,000 units in 1939. The ability of his company to maintain earnings in the first half of 1938 when motor vehicle sales dropped to 261,048 compared to 629,706 in the first half of 1937 received much favorable comment.

**P. E. LETSINGER**, vice-president in charge of sales of Cummins Engine Company, Columbus, Ind., recently received an order for 112 diesel engines to be used in trucks of the Colonial Sand and Stone Company, New York. Sixty-two were for replacements in old trucks and 50 for installation in new trucks to be built by the Mack Truck Co. Company believes it is largest order ever placed for this type of truck in the United States. Mr. Letsinger states that his organization will double production next year due to development of small diesels built in four and six cylinder sizes.

# A Year of Retail Price Control

By REINHOLD WOLFF

A YEAR AGO the Miller-Tydings Act was passed. Ponderous oratory preceded the event. Whether or not the act has achieved its promised ends, it has not stopped the oratory.

The law, or at least its purpose, continues to make headlines in the business papers. It has raised merchandising problems and stirred legal controversies. It has started heated discussions among economists and politicians. Business groups have organized to promote its progress. Consumers have organized to fight for its repeal.

In all the turmoil, very little has become known as to what has really happened to American business under the Act. The measure was designed to promote fair trade by permitting the manufacturer to prescribe the price at which a retailer might sell

**UNDER the Miller-Tydings law, manufacturers can fix prices at which retailers may sell their products. Few manufacturers have done so. Here is why**

his standard products. The question now is, has it done this? Has it contributed to introduce the principle of fair trade in retailing? Has it stimulated trade and has it been fair to the consumer?

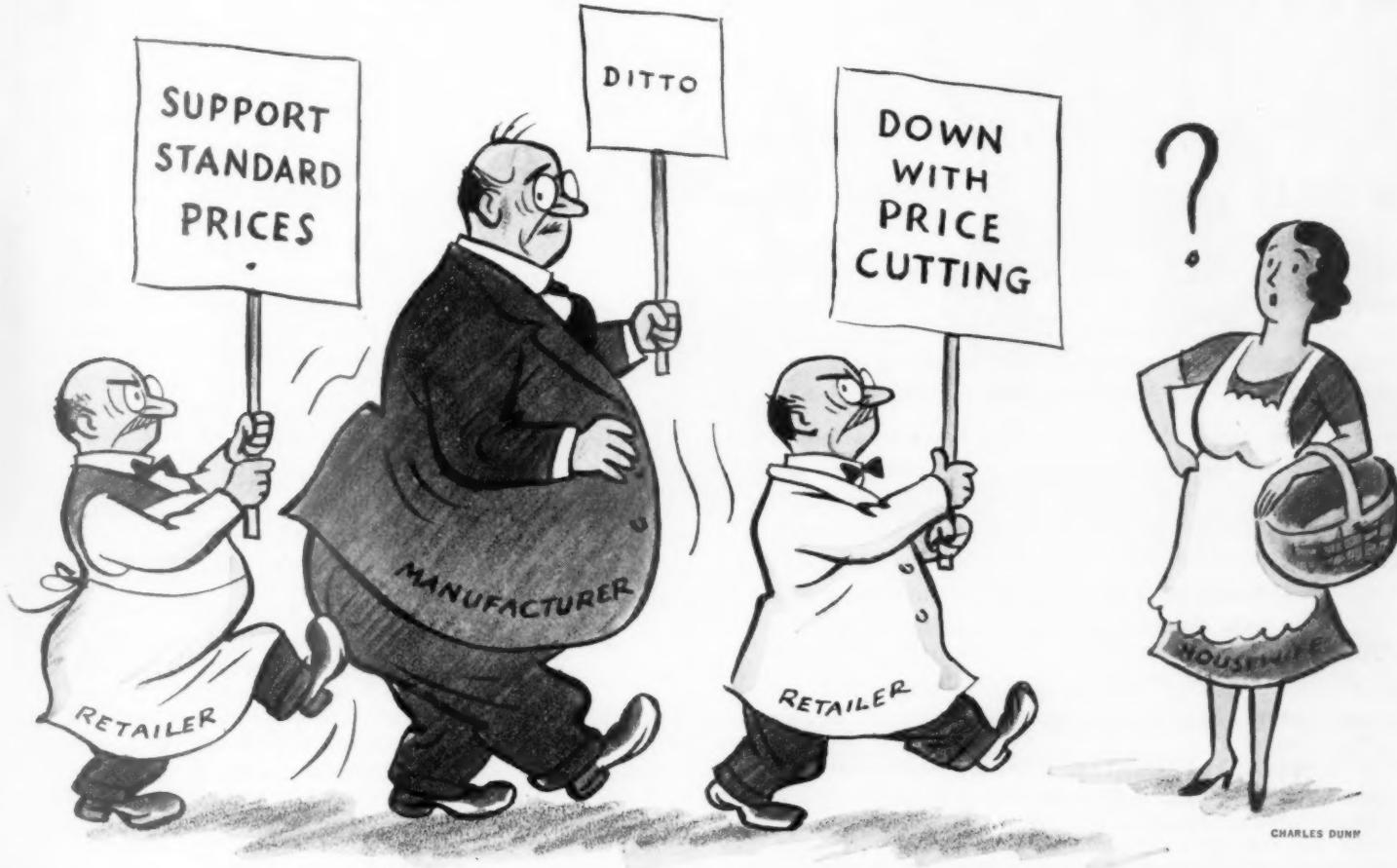
Before attempting to find answers to those questions it is perhaps well to review the situation as it stood a year ago. At that time, 42 states already had Fair Trade Acts. What the Miller-Tydings Act did was to supplement these state laws and to enforce the price maintenance principle in interstate commerce.

One fact that appears to have been almost buried among the theoretical arguments is that retail prices have

been fixed for a relatively small share of merchandise.

The reason for that is simple. No manufacturer under the Act is required to establish a uniform resale price for his product. He may take no action at all or he may prescribe retail prices in just one or in a few states. Many more manufacturers have not acted than have imposed price restrictions. A good many have merely tested the plan. The first fair trade contracts have emanated from the West, and California is still the national test laboratory of price maintenance.

Generally, states on the Pacific Coast are more active than, for in-



The manufacturer has little to win by freezing retail margins but pressure of distributors may grow so strong that failure to act would provoke dealers' ill will

stance, the Middle West and the South. Recently New York and New Jersey have applied the policy to a larger extent, and the Northwest has focused attention on the unusual features with which it surrounded fair trade contracts. But in the South and the Southwest you find large districts where the slogan of Fair Trade has not yet released its magic repercussions among retailers.

#### Branded articles only are fixed

ONE more fact has been frequently overlooked:

Price maintenance refers to standard articles which bear a trade-mark or brand only, and has no practical application for unbranded goods.

In the near future at least, whole branches of industry such as the dry goods field, the furniture trade, vast portions of the food business, and many other sections of the retail em-

tries, the drug trade has felt the price maintenance problem with particular acuteness. The National Association of Retail Druggists has been leading in the drive for fair trade legislation and for its practical enforcement. It has achieved the greatest accomplishment both as to the number of manufacturers applying the plan and to the coverage of the retail trade in all states.

Perhaps 80 per cent of standard articles offered in an average neighborhood drug store are now sold at uniform prices under fair trade contracts.

Only the tobacco trade surpasses this accomplishment with respect to completeness of price control. The national cigar brands have been almost entirely brought under price contracts. But, the sister product of the cigar, the cigarette, has resisted the continuous wooing of the fair traders, mainly because the "Big

yielded to their pleas, but have failed to obtain 100 per cent enforcement of the system. Periodically, price wars are reminding the liquor consumer that price competition has not ceased.

When several big New York department stores recently organized book clubs among their customers, the public became aware of the struggle for price control which is going on in the book trade. Uniform retail prices for books have been first featured in New York. The Miller-Tydings Act has enabled national publishers to spread the system gradually over the eastern states with final integration of all booksellers in a system of uniform retail discounts as the goal.

Outside these industries, the fair trade principle has met with considerable resistance. For decades, manufacturers had complained of losses which their branded articles had experienced through price cutting. For decades associations of manufacturers had vigorously campaigned for legalizing price maintenance. Now, with legislation enacted, we see a striking lack of preparedness among manufacturers to avail themselves of their legal prerogatives.

#### Manufacturers lack enthusiasm

RETAILERS have discovered that manufacturers apply fair trade contracts, not for protecting their property rights from price cutting, but to please their independent retail customers. What had been considered as a privilege of the manufacturer has turned out to be regarded as a commitment. Many a producer now has a distinct feeling that the policy hurts his interest.

Wherever a survey has been made in the trades, the outcome has been 100 per cent endorsement by independent retailers, and hardly more than 50 per cent acceptance by the manufacturer.

Take, for example, the hardware industry. Of approximately 1,400 manufacturers, questioned by *Hardware Age* on price maintenance, only about two dozen claim to have sent out price contracts.

In the stationery field likewise only a few dozen manufacturers have been prompted to act under fair trade laws. In the jewelry industry, the number of national price maintenance systems can be counted on the fingers of one hand.

When a wave of destructive price cutting is rolling over an industry, the pressure on manufacturers is strong to remedy the situation by restraining retail prices. The manufacturer declares his willingness to go ahead, but suggestively points to his competitors. Thus the issue boils



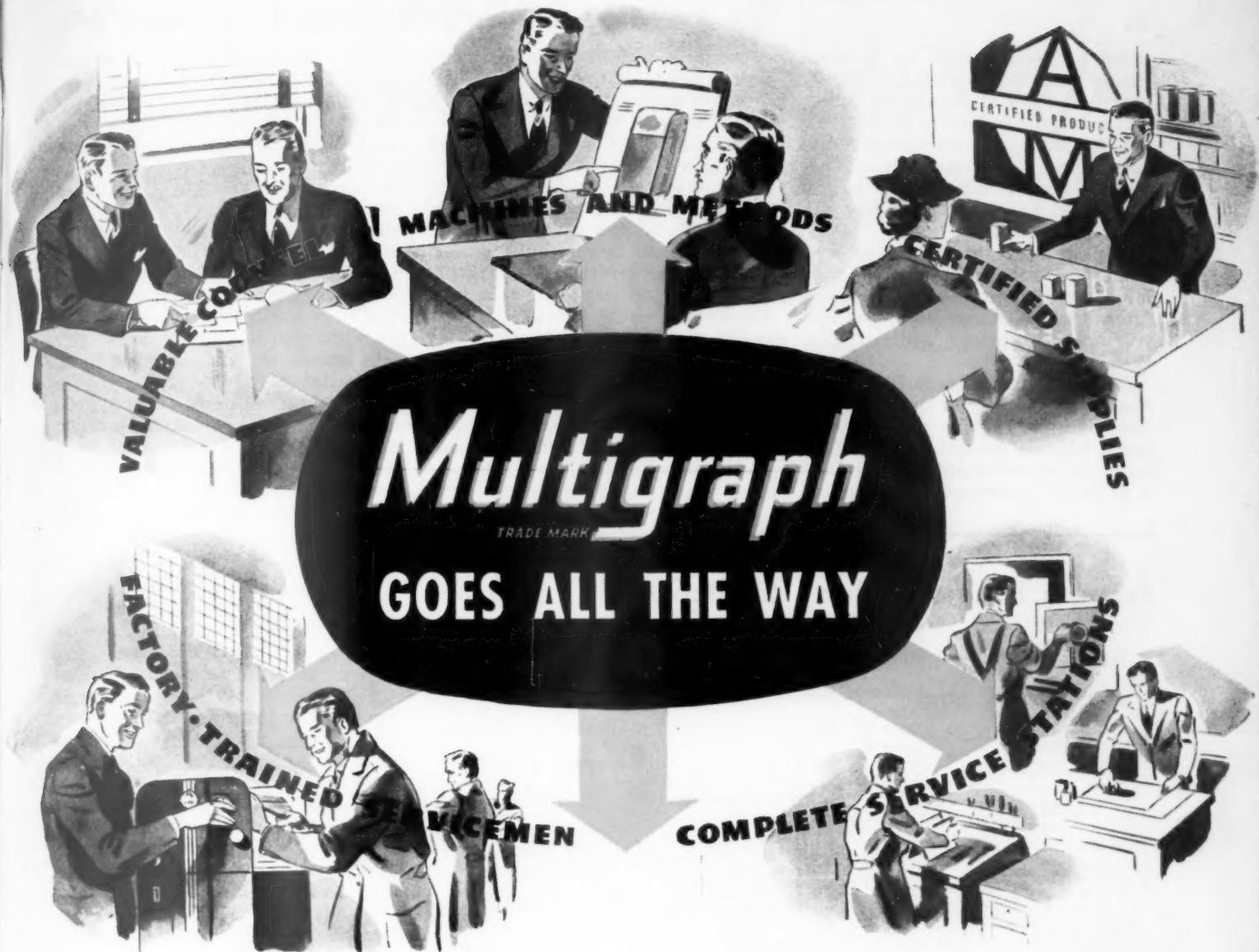
In the fair trade branches of industry, retailers are jubilant over the success of price maintenance

porium will be excluded from the fair trade register.

Of course, the field of the standard article is broad and it is increasing in importance. Although fair trade is not the only pricing problem, it is a major issue and will continue to be one as long as Fair Trade laws are on the statute books. Of all indus-

tries" have refused to follow suit.

Liquor is another much talked of member of the fair trade family. Local organizations of liquor retailers have ardently striven for the protection of the leading standard brands, both of whiskies and other hard liquors. More or less reluctantly, manufacturers and importers have



## ... to give you duplicating that builds business . . . reduces expense

MULTIGRAPH'S conception of its responsibilities to its users is a broad one. It goes far beyond the mere delivery of duplicating equipment.

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*Wherever you are . . . there is nearby, an authorized distributor of certified Multigraph Products. In principal city telephone books, you will find this listing: MULTIGRAPH SALES AGENCY. Phone for latest duplicating information . . . or write to the address below.*

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down to the problem: all or none. Either distributors obtain fair trade contracts from all competing manufacturers, or they obtain none.

Sometimes manufacturers have agreed first, but given up later. They blame lack of cooperation by the trade; dealers blame their lack of serious enforcement.

Typical is the breakdown of price maintenance in the tire trade in California. In this state the leading manufacturers had introduced price contracts, but no price stabilization ensued.

Or take the radio trade. If you have bought a radio set in the past year, you know why radio price maintenance has not worked. You have obtained, or at least could have obtained, a price concession on your old set,

although it has likely gone to the junk dealer. But the trade-in allowance has made the minimum retail price illusive.

Practically, the manufacturer has little to win by freezing retail margins through fair trade contracts, but he has much to lose. This explains the producers' hesitancy. Yet pressure from wholesale or retail distributors to stabilize an erratic price structure might grow so strong that lack of cooperation would provoke dealers' ill will. Thus the manufacturer today turns his eyes both on distributors and competitors. Their attitude will determine his course.

The consumer appears to be the forgotten man. Stabilized retail margins mean generally higher prices. In other words, the consumer in the last

analysis pays the cost of price stabilization. But the consumer may react by giving preference to unrestricted brands. So far, however, makers of national brands have little felt these reactions. Many have reported gains in sales volume in spite of enhanced retail margins.

This success is to be explained by the fact that increased good will from independent retailers has been paid out of the pockets of the consumer. In a large number of stores, consumers willing to buy lower priced private brands or "unprotected" items are switched to one of the higher priced fair trade items on which the retailer has a guaranteed margin. Sometimes by a direct appeal from the store owner or from his instructed personnel, sometimes by the fact that the protected items have been given preferential store display.

### From a Business Man's Scratch Pad . . . No. 30



### Many prices are still low

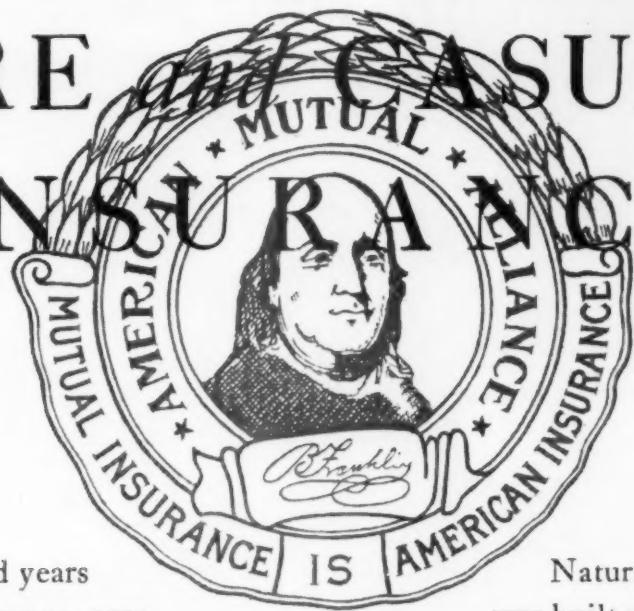
OTHER factors operate in favor of the consumer. The loss leader has been a cancer on retail merchandising. Where it has been eliminated through fair trade acts, retail stores have entered into price competition from which they had refrained before because of their knowledge of the disastrous consequences of price wars. As a result, prices of advertised items have been brought down closer to averages. Manufacturers have done a good deal to increase the consumer appeal of their merchandise by setting the minimum price as low as possible. A flood of premium offers, one-cent sales, and similar devices has swept the drug and specialty trade, all of them traceable to manufacturers' efforts to cut the consumer price.

There are other clear indications that the consumer will not figure as the Cinderella in the fair trade play. Freezing of retail margins is only one aspect of price maintenance. The final price to the consumer embraces other elements as well. For instance, the wholesale margin and the producer price both of which show a downward tendency. When wholesalers felt increased competitive pressure, they tried to put jobber prices also under the roof of fair trade contracts. But not 50 per cent of the articles sold at uniform retail prices enjoy price protection in the wholesale stage of distribution.

In the fair trade branches of industry, retailers are jubilant over the success of price maintenance. It is frequently taken for granted that sharp price competition is nearing extermination. Price surveys undertaken in different sections indicate that deep price cuts have disappeared and more stability is evidenced for

(Continued on page 85)

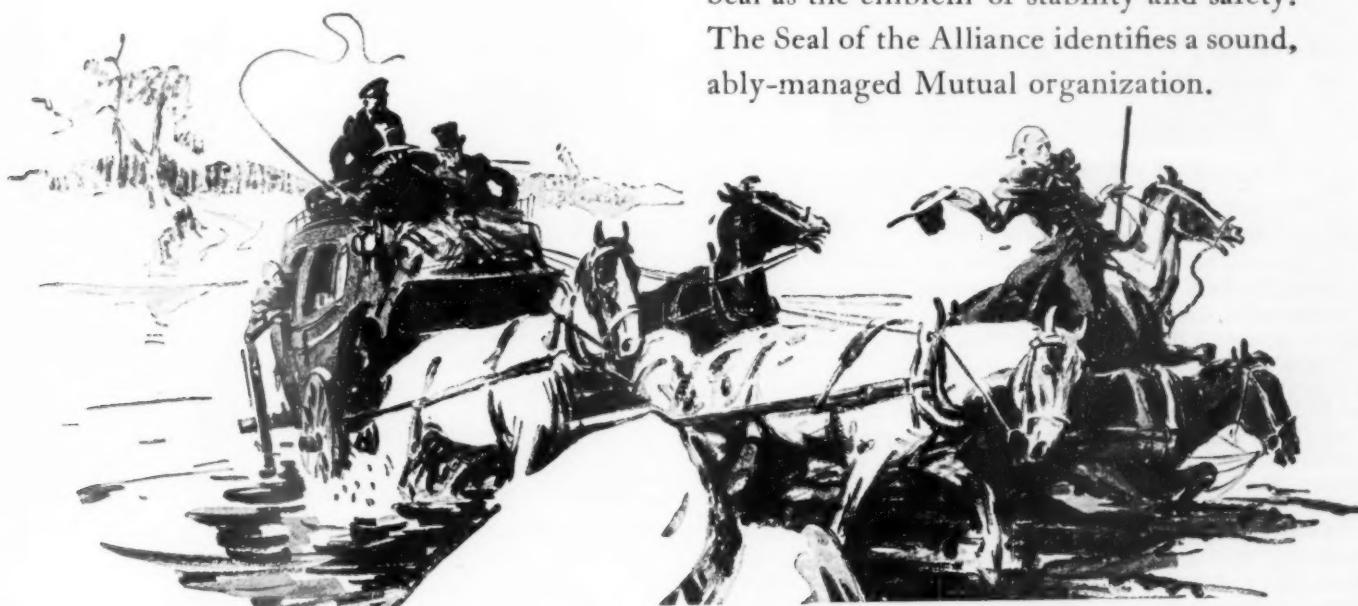
# The Seal of Leadership in FIRE and CASUALTY INSURANCE



Nearly two hundred years ago, Mutual insurance was founded in America. Its fundamental aim and purpose was to provide the soundest possible protection at the least possible expense. Down through the years, Mutual fire and casualty insurance has benefited countless thousands by its unchanged policy of protection and valuable savings.

Naturally, a structure that was built upon such sound principles has endured. And today there is a group of selected leaders in Mutual fire and casualty insurance whose record of success is outstanding.

It is this group of companies who are members of the American Mutual Alliance and are entitled to use the Alliance Seal as the emblem of stability and safety. The Seal of the Alliance identifies a sound, ably-managed Mutual organization.



## THE AMERICAN MUTUAL ALLIANCE

919 North Michigan Avenue, Chicago, Illinois

THE NATIONAL ASSOCIATION OF  
MUTUAL CASUALTY COMPANIES

THE FEDERATION OF MUTUAL  
FIRE INSURANCE COMPANIES



Sailors have plenty of time for reading



Racine Reef defies approach in winter

THE PERSONNEL problem in the shipping industry is a persistent one with always the same cry for a continuing source of "career seamen." If new ships are going to be built, there must be a trained force to man them.

Prospective American sailors frequently come from inland towns and farming communities. They are sons of good families and ambitious to succeed in their vocation, but are handicapped and often discouraged by their own inexperience. Officers of the American Merchant Marine Library Association, 45 Broadway, New York, believe that these boys can be encouraged to continue a sea-faring life if they can obtain a chance for self-improvement while at sea. This 18-year-old association, founded by Mrs. Henry Howard, fosters the idea that if books are made available to sailors they will be more likely to carry on their own education and develop an interest in seamanship.

More than 1,300 merchant marine ships carry books and magazines provided by the Marine Library. In addition, thousands of copies are provided for keepers of lighthouses, lightships and isolated Coast Guard stations. These men, like seamen, are without daily papers, movies and all other educational or recreational activities enjoyed by average citizens. In some cases, lighthouse keepers serve for three years at a time with no prospect of outside communication and members of the Coast Guard ice patrol serve for months without relief.

## Books Build Morale



Members of Coast Guard spend many months on lonely ice patrol duty



A ship's library is eagerly scanned when it comes aboard

A "library" is a box of 40 carefully chosen books—fiction and non-fiction with such technical books as may have been especially requested by the readers.

The cost of carrying the service runs to about \$35 per ship per year. Seamen contribute 13 per cent of the funds, steamship companies about 46 per cent, and general contributions are 41 per cent. Last season, seamen on the Great Lakes alone contributed more than \$4,500, mostly in one-dollar donations.

In addition to contributed books, cash contributions are used to buy books not obtainable by gift, particularly in the technical fields, and to acquire equipment for better service.

# Washington and Your Business

By HERBERT COREY

## Wages, Hours and Headaches

THREE years of temporal throbbing seems certain as a first result of the wage-hour law. Assuming that all industry would like to sit down and play tickle with the Administration, which is an assumption not yet wholly justified, there are about 200 questions to be asked before any one can know the as, if and when answers. This is the conclusion of an earnest student of the law. Some of them must ultimately be resolved by the courts, and some by amendment. Administrator Andrews is trying to work out the others.

## State Boards To Be Called in

REPRESENTATIVES of state labor boards have been asked to come to Washington in November to plan for federal-state cooperation. The Industry Boards which are to represent the various industries can inform the Administration on conditions in those industries, but only through the state officials can Andrews get an understanding of the legislation now in being, state-wide labor conditions, and the changes which may be needful in state legislation if the federal plan is to succeed.

## Act Seems Full of Twisters

meaning of "substantially" in the clause providing that the highest minimum wages must be fixed which will not "substantially" curtail employment.

Labor classifications shall not be "solely on a regional basis," but is it possible to classify labor "partly" on a regional basis? What if part of an industry declines to be rated as "seasonable"? What is the difference between industries which do "processing" and those which do "first processing"?

## Definitions by Jesse H. Jones

THE first days of the wage-hour administration recall the definition of a satisfactory government as offered by Jesse Jones:

"An administration just a little left of the Middle, in the hands of tough executives, being prodded by bright young liberals who have no authority at all."

## Add Bright Words by Berle

WHICH in turn suggests the memo of A. A. Berle, the immensely admired professor who huffed out of his position as assistant secretary of state to the perfect content of those he left behind:

"People are entitled to want what they actually do want and economic efficiency (may be defined) as giving people what they want. Anything else involves deciding and ultimately trying to tell people what they ought to want, which becomes tyranny, pure and simple."

The Administration did not print and distribute Mr. Berle's swan-song.

To some Washington ears it sounded like the mutterings of Donald Duck.

## Better Market in States' Rights

Toll, who becomes executive director of the American Legislators' Association. Both full-time, tough, scrappy jobs.

Hunch hereabouts is that state opposition to federal centralization will be stepped up.

## Camel's Nose Is in the Tent

up as a permanent bureau in the Government. Half a million dollars has been appropriated for the preliminary costs of this inquiry. The ultimate expenditure may run to \$5,000,000 or more.

The argument is that the inquiry into the relations of commerce, industry and the Government should be so valuable that the resultant report should not be dismissed to the Government's five mile shelf of books, but that the work should be kept up to date in the future. This is the way bureaus usually start. Note the story of the I. C. C.

## Henderson May Be the Caliph

TOO early for speculation, of course, but Leon Henderson is being spoken of as the head of the new bureau, if and when. He is the chief economist of the P.W.A. and executive secretary of the Temporary Economic Committee, has leftish tendencies, is reasonably hard-boiled, and has done a good job in the preliminary bossing. Perhaps the busiest man in town.

## "Quick, Boys, the Aspirin"

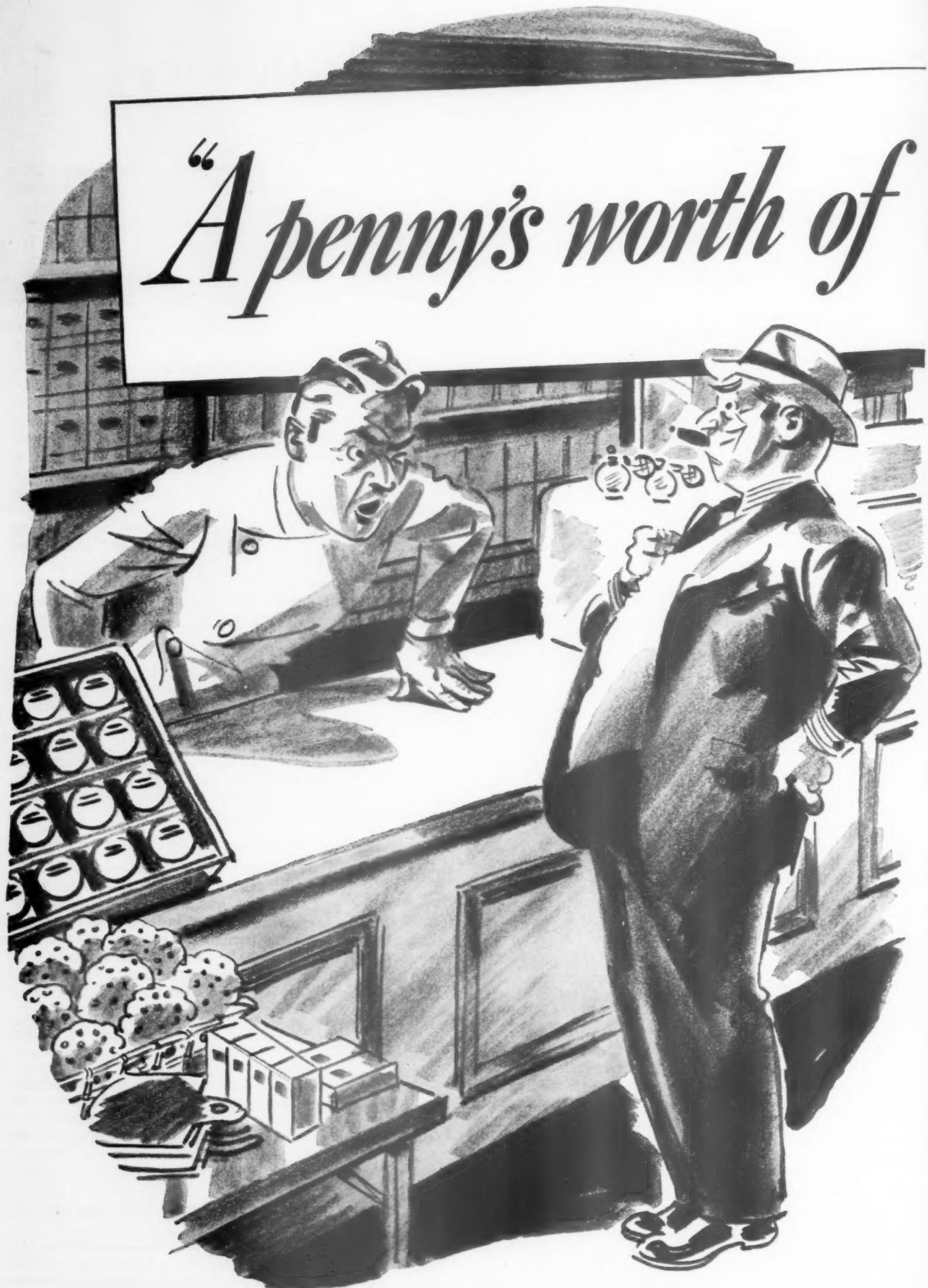
THE book could be filled with stories of wage-hour headaches. The United States Independent Telephone Association has advised Administrator Andrews that independent telephone companies which do an intrastate business are not subject to the statute. But it is being urged in reply that their users do interstate business, of which their intrastate telephoning is a part, and that they may not claim exemption.

This seems as reasonable as the ruling of the N.L.R.B. that orange pickers are not farm labor.

## Straws Show a Frugal Wind

A YEAR ago the taxpayer was the almost forgotten man. Only the collector thought about him. Of late it appears that he is beginning to make his weight felt with local administrations. Town and city after town and city have refused P.W.A. grants for the building of local doodads because the taxpayers are beginning to remember that the rent man comes.

Even the U. S. Housing Administration has run into difficulties and Administrator Straus toured the country and in effect begged cities to participate in the program. The P.W.A. has practically called off its effort to



TOOTH PASTE, SHAVING CREAM,  
RAZOR BLADES,  
SOAP, TOOTH BRUSHES,  
MOUTH WASH AND SO FORTH,

please!"

*MISTER*, you're flattering your penny.

You'll find very few products in any line that you can buy for a penny. But—look what that same little penny will buy in toilet goods *advertising*.

Take all such advertising in the Post, for example, where more drug and toilet goods advertising dollars are invested than in any other magazine in the world.

In 1937, the total cost of all drug and toilet preparations advertising, in all the 52 issues of the Post, amounted to just about *1½ cents a week per Post family!*

That's pretty inexpensive selling when you consider how much one Post family spends week after week for tooth paste, shaving cream, razor blades, soap, tooth brushes, mouth wash, and whatever.

When you, too, can get your share of profitable business from millions of good families at a cost of pennies, isn't it pretty sound strategy to sell through the Post regularly? Week after week? Every week?

**THE SATURDAY EVENING POST**

finance competitive municipal electric plants because the towns won't play.

### Pull Dick, Pull Devil

THE big fight over Social Security in the 1939 Congress will be whether rates shall be reduced or the benefits be increased. The federal Government is now making an inordinate profit on its old-age pension operations, and the number of contributors may be increased by 16,000,000—farm hands, clerks, kitchen workers and the like—in the coming year.

One side of the debate is that the pensions to be paid are pitifully small. The other is that the burden on industry and collective prosperity is too heavy. Once the campaign is over the shelling will begin.

### John L. Lewis Pulls a Boner?

QUESTION of the moment is whether John L. Lewis did not step into a fast one when he patronized that internationale labor congress in Mexico? It was commonly regarded as Communistic in intent and act. It may be as sweet as Shirley Temple, but it has a poor reputation. Communism is not popular with Americans. Mr. Lewis' C.I.O. has the name of being well staffed with Communists. A dark split is, so to say, hovering on the horizon. Flowers are being gathered by the A.F. of L.

### Long Thorn in Lewis' Side

NOT so long ago David Dubinsky, chief of the Garment Workers, was considered a lively radical. Now he is all for calm in labor's relations with industry—calm even if not precisely peace—and has served notice on Lewis that unless the C.I.O. can get together on some reasonable basis with the A.F. of L., the Garment Workers will return to their old fold.

Memory of that \$500,000 of C.I.O. money that Lewis spent in the Pennsylvania elections without ever picking up the dice grieves Dubinsky, too.

### They Came Home with White Meat

OBSERVERS in Washington think the President's commission which examined labor conditions in England is one of the few expeditions which came home with chicken instead of feathers. It is pointed out that the outstanding conclusions of the commissioners were that England's industrial peace is principally due to the fact that both employers and labor are strongly organized and conservatively led and that compulsory arbitration of disputes has washed out. It is not considered that this has been good news for the N.L.R.B. and the probability that the Wagner law will be amended has been strengthened.

### Can Government Sift Business?

SO much campaign dust has been in the air that the activities of the Public Contracts Board have escaped much of the attention that is their due. The Board has been considering the petition of the smaller steel companies to fix wage scales at lower levels than the big companies when working on government contracts:

"We cannot pay the wages the big companies pay and compete with them," say the little fellows.

It seems apparent that this competitive disadvantage must extend to private business also. If, under the Walsh-Healey act, the Board has authority to distinguish between big business and little business—and that distinction is clearly made in the Robinson-Patman and the Miller-Tydings acts—it can only favor small business by

assenting to a lower wage scale. That would not be well received by political labor if the principle were extended to private business. Labor would likewise observe that, if the big companies, paying top wages, can underbid the smaller companies, they could continue to underbid by cutting their wage rates. Members of the Board feel that they are on a spot.

### T.V.A. Caesar and his Meat

WHEN the regional development bills appear again before Congress—no one doubts they will be taken off the shelf early in the session—attention will be directed to one phase of the T.V.A. situation. In five years the T.V.A. gave something like \$2,600,000 to land grant colleges in efforts at educating farmers in better agricultural methods. The spreading of largess was not precisely surreptitious, but no loud drums were sounded.

Congressman May, D., of Kentucky, will try to discover whether the T.V.A. is to continue this use of spending money, and whether the other regional bills will be as loosely drawn.

### Try This on the Calculator

THE report of the Treasury Departments on corporation returns for 1937 shows that 530,779 corporations earned a total net income of \$9,477,980,000, that 275,695 corporations not only had no net at all but produced an operating deficit of \$2,156,055,000, and that 51,922 corporations were inactive. Therefore 858,396 corporations reported a total net income of \$7,321,925,000, on which a total tax of \$1,191,389,000 was paid. This is stated with no desire to be unpleasant, but to put an edge on the statement of the Baltimore and Ohio Railroad in asking the S.E.C. to permit it to reduce dividend payments to its bondholders:

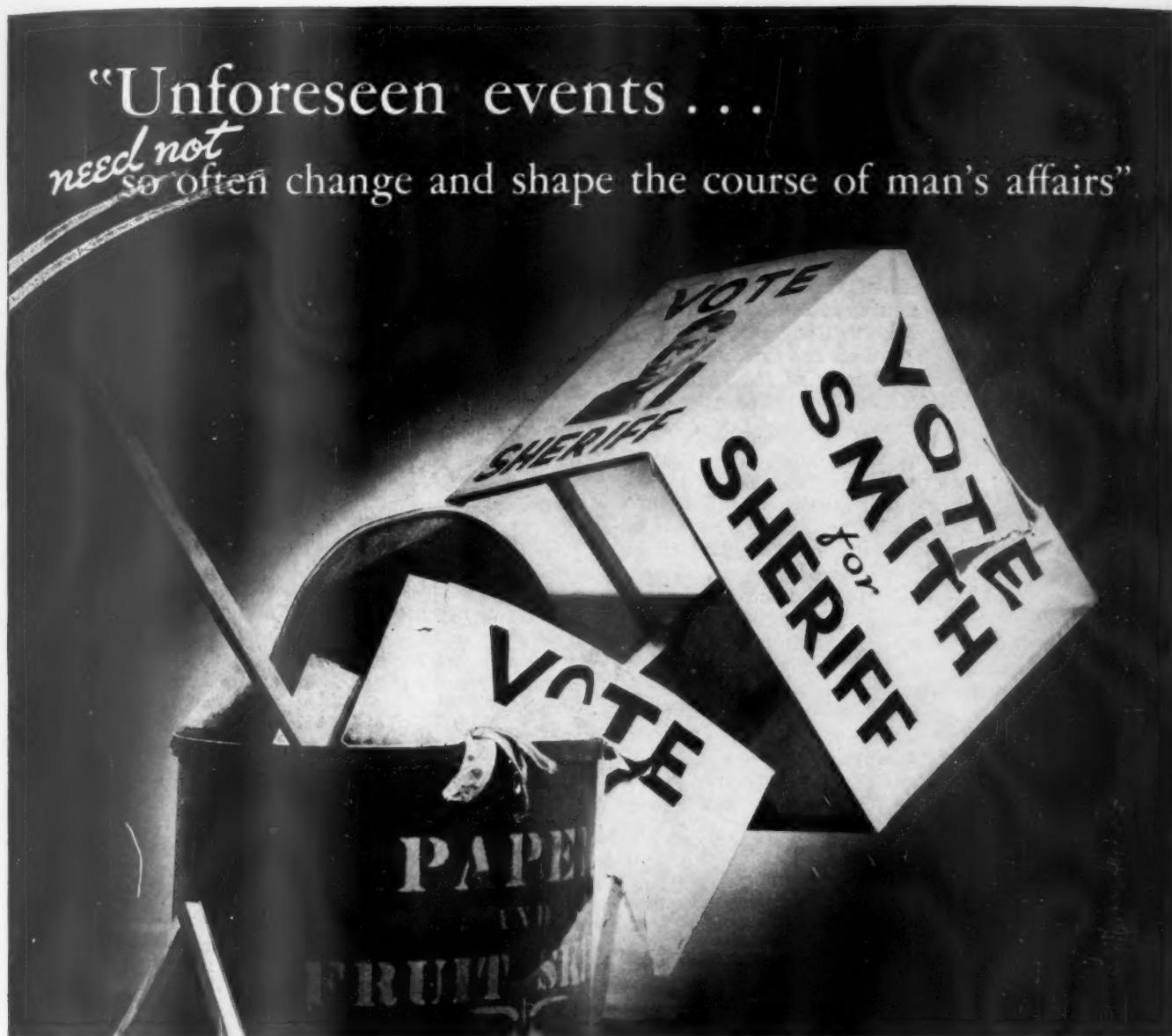
The decrease (in both gross and net revenues) has been accentuated in the case of the railroads by competition of unregulated transportation agencies, increase in wages, taxes, and costs of substantially all materials and supplies for which the higher rates recently made effective have not been sufficient to offset.

### Another of the "What-of-its?"

IT IS always a pleasure to stand one fact alongside another fact with which it has no relation and let it go on standing there. One hears, for instance, that some beautiful counterfeit bills have been circulating recently. Colors, engraving and printing 90 per cent perfect. Even banks have been fooled. That's one fact. The other is that the Secret Service, which for years efficiently chased counterfeiters into rude anxieties, has been required to assign four of its short force to guard the summer home of James Roosevelt, two for Franklin, Jr., two others to watch over Sistie and Buzzie, and that Secretary of Treasury Morgenthau sometimes uses Secret Service men as chauffeurs and substitute butlers.

### Looks Like a Smart Move

IT IS not likely that by the time this is printed the new international communications office will still be on the hush-hush shelf, but when it was created it was blanketed with silence. The office will have complete authority over all communications. This authority may in emergencies be stretched to cover aviation, mails, wires, radio, cables and television and is absolute. It may be an effort to reduce the existing disorder to something like order and it may be a part of the if-and-when-war plan. Thomas Burke, of New York and points west, with social and political connections, was named chief by the White



### AFTER THE TUMULT AND THE SHOUTING...

The brass bands and oratory have faded, the votes have been counted... a new public servant takes office.

State treasurer, county sheriff or city auditor—no matter. He has sworn faithfully to perform the duties of his office, *and has every intention of doing so!* Unfortunately, honest intentions and ability are no *guarantee*. The words "faithful performance of duty" are given broad interpretation where the acts of a public official are concerned. They include honest errors of judgment, circumstances over which he may have no control. In fact, almost any situation in which legal action may be

brought against an official. The complexities of administering a position of public trust are so varied that protection is an absolute necessity.

\* \* \*

So, the law requires that public officials, before taking office, furnish bonds. It is simply sound business judgment which dictates this provision. The Public Official Bond is only one of some 60 surety and casualty lines which The Maryland writes to protect you against unforeseen events. Near you is one of the 10,000 Maryland agents.

**THE MARYLAND**  
MARYLAND CASUALTY COMPANY      BALTIMORE

House, and it was placed in the State Department because there it will be free of interference in war or peace.

### One Hand Now Unwashes Other

LOCAL Housing Authorities have found difficulties in disposing of the ten per cent of the cost of slum clearance operations each favored city must bear, and so Administrator Straus is working out a plan to market the local bonds through a nation-wide syndicate. They will be free of federal and state taxes and be guaranteed by the federal Government.

Meanwhile the opponents of tax exempt securities, among whom are leading figures in the Administration, have a proposition to present to Congress. Under this scheme, no tax would be levied on the exempted securities *but* the tax on the remainder of the individual's income would be boosted to cover the tax-exempt receipts.

### States Getting Very Tetchy

were given the right to tax federal securities and salaries, the states would not be compensated for the disadvantage as borrowers they would suffer. On Capitol Hill it is felt that this opposition will be sufficient to block either the plan of the President and the Departments of Justice and the Treasury to legislate out the tax-exempts, or the constitutional amendment suggested by Senator Pat Harrison, chairman of the powerful Senate Finance Committee. Meanwhile the federal Government continues to need more money, and a tax on the \$60,000,000,000 in exempt securities and the \$5,000,000,000 annual tax exempt governmental salaries would help.

### No Boat Trips in this List

A HASTY survey of the assignments given to the special committees of the House and Senate for the summer leads to the depressing conclusion that practically none had any entertainment value. No hint can be found of cooling junkets through the waterways or studies of the Cafe de la Paix. Among the jobs the committees attacked were government reorganization, the T.V.A., civil liberties, subversive propaganda, taxing exempt securities and salaries, forestry policies, phosphate lands, the merchant marine and its labor troubles, campaign skulduggeries, wool, profit sharing, economics, lobbying, and perhaps a few more. After all, this is a campaign year.

### Hanes Plays Magill's Hand

JOHN HANES will be the Treasury's man in dealing with the tax experts of Congress. He does not pretend to know much about the tremendously complicated tax question, but he is a likable, businesslike man who made good with the S.E.C. and will have the benefit of the coaching of Roswell Magill, to whose post he succeeds. Prognostication favorable.

### Tennessee Gets Sharp Elbow

TWO provisions said to be without parallel in the history of public utilities are included in the agreement entered into by Knoxville for the purchase of T.V.A. power. One is:

Neither the Public Utility Commission of the state of Tennessee nor any other board or commission of like character shall have any jurisdiction

The other is:

Should the revenue be insufficient, the city shall be entitled

to increase its rates so as to produce the revenues necessary and the T.V.A. shall agree to such increase in rates.

All the state gets out of it are the loss of taxes and the power to make a utility behave.

### Who Can Tell What To Do?

ON reasonably good authority it is stated that, at the next session of Congress, the President will renew his insistence that something be done to help the railroads. He does not want to hear anything about public ownership or government control—if his position is accurately stated—and he will demand that Congress shall take action which will ensure employment at fair wages to the workers and a reasonable return on railroad investments. The formula has not yet been found.

### Who Wouldn't Be a Banker?

ONE of the proposals which will certainly be incorporated in the 1939 program of banking legislation will have as its motive the prevention of the deposit of funds in New York by out-of-town banks. The theory is that this would compel "country" banks to put their money at work at home. But the New York Reserve bank in a recent report finds that would-be borrowers who can offer fair security can get money now. Out of 4,750 inquiries for loans only 351 really rated credit.

"Our experience has been that even at six per cent the income received is not sufficient to cover expenses and losses."

Perhaps the country bankers have been right in saying that the only loans they have been turning down are the sour ones.

### Plenty of Pills for this Money

AUTHORITY states that the proposition to spend \$850,000,000 on socialized medicine in the next ten years will be found close to the top of the Administration's agenda when Congress convenes in January. It is not certain it will be vigorously pushed. No doubt at all, however, that the victory in California of the \$30 every Thursday advocates has alarmed the professional politicians, who see in the old people and the sick people a pressure group to be watched.

### Another Nose Under Canvas

THE S.E.C. will ask the Temporary Economic Committee to back a broad federal incorporation act. This may include the salient features of the Borah-O'Mahoney bill for the federal licensing of interstate corporations. Borah and O'Mahoney are members of the T.E.C. The original S.E.C. Act was intended to apply primarily to stock exchanges. Then it was buttressed by the Maloney Act, which covers all security dealers. The only moral appears to be that when the Government starts in to regulate it inevitably broadens its field.

### Trucks, Butter, and Trouble

NOW the I.C.C. has prescribed minimum rates for motor common carriers in the New England and central western territory. But its authority over contract carriers is limited and it has no rate authority at all over the private carriers. The inference is that it will ask for the power it needs. Which is a reminder that the very day the Administration's effort to do something for butter went to pot in Chicago, Governor La Follette asked for help for cheese, and that in turn must call for a prop for milk. Like an ante in poker: one calls two.

# Frame Your Merchandise in **BRONZE** for Greater Customer Attraction

SHOPPERS often form impressions of a store from its outward appearance. Thus the *first* impression is important. For it can and should make customers of casual passers-by.

Retailers and property owners realize this fact. That's why today in fashionable shopping districts everywhere you'll find that the dominant storefront metal is rich, appealing bronze.

For bronze—traditionally the metal of dignity and good taste—not only adds distinction to displays of merchandise, but lends a feeling of warm substance and integrity to the establishment whose front it graces.

*A setting that never grows old*

Anaconda Architectural Bronze is a sturdy, durable metal...rustproof, of course. Every bit as economical as it is attractive, architectural bronze is easily cleaned; its natural lustre may be preserved with but occasional attention.

The American Brass Company is the leading supplier of Architectural Bronze, Copper and Nickel silver in the form of extruded shapes, drawn shapes, sheets, etc., for the creation of ornamental work of every description. Anyone contemplating store construction or modernization will find much of interest in our new booklet: *Bronze...the Key to Better Retailing*. A copy is yours for the asking.

28100



Illustration shows the shop of Mosse Inc., 659 Fifth Avenue, New York City. Paul T. Frankl, Designer. Morris Ketchum, Jr., Associate. Anaconda Bronze Work by General Bronze Corporation, Long Island City, N. Y.



## Anaconda Copper & Brass

THE AMERICAN BRASS COMPANY, General Offices: Waterbury, Connecticut

In Canada: Anaconda American Brass Ltd., New Toronto, Ont. • Subsidiary of Anaconda Copper Mining Company

# Our Employees Went on Strike

By LEIGH WILLIAMS



Gloriously drunk, he staggered about town knocking the radio station

I HAVE a business which normally employs about 25 people, and in slack seasons tapers down to about 15. It is a new business, just two and a half years old, and it is important in this industrial city. My business is radio. A radio station is an important enterprise in any city these days, and becoming rapidly more important, since news as it happens is a dish upon which the people have learned to exist, and which they demand. But more important still are politics and elections and such! The next national campaign will be decided by radio, you may be sure. In fact, the last one was.

Our trouble began before the big steel strike. One day, out of a clear sky, came news that some of our employees were organizing. The man who was to talk to them was the same man who acted as master of ceremonies on organized labor programs on our station. Incidentally, organized labor programs on radio stations are in the minority. Ours is one of the few stations with liberal interpretation of our necessity to present each phase of any question.

Naturally, we were interested. Not because we wanted to keep them from organizing, but because anything that interested our employees interested us. The fact that they were organizing held no qualms, but the fact that they were organizing *sub rosa*, as it were, when they knew that we favored labor, was disconcerting. We found ourselves speculating upon the reason behind it. Several catastrophes had already caused us to suffer major losses from which we had not had time to recover, and the hint that

followed the headache, for almost at once employees who had been favored, who had borrowed money from us personally, whom we had kept in sickness for months, slanted their eyes with suspicion and became argumentative about small points. When we asked them why their organization had been kept so secret, particularly in view of our pronouncedly liberal stand on organized labor, they interpreted the question as "intimidation, coercion, discrimination" in the language and scope of the provisions of the Wagner Act. Matters became worse.

## A discharge

TWO or three days before we knew of the union matter we had discharged an employee who was inefficient, and whose interpretation of his duties as a licensed operator of transmitting equipment was certainly strange. This was only developed when a highly-skilled licensed engineer came to our station to make an inspection. What he found there became the basis for the dismissal of this employee.

We were promptly cited for discharging an employee for union activities, incidentally about the only thing that the union can cite a company or corpora-

tion or individual for, and thereupon the only thing upon which we were ever cited during this entire mêlée.

The fact that we hadn't even known that this employee was a member of the union did not excuse us. He said that we were trying to break up the union by removing him from his job and consequently from town. This oblique reasoning found favor with the union.

Our employees began to gather in halls, in side rooms, on the street, endlessly discussing the union question with themselves, the passersby, and with other employees who had no desire to belong to the union. Some disturbance of business occurred, because commercial programs (the clients of salesmen who were not interested in belonging to the union) were deftly broken by a flip of the dials



Our employees began to gather in the halls endlessly discussing the union question



## ... PUT YOUR DUPLICATOR TO WORK

ON RUSH WORK or any job requiring a number of people, it's a waste of time and money to "thin out" your man power. Concentrate the effort. Furnish each individual with a separate copy of all the necessary information on the job. How? Put your duplicator to work. It will give you all the copies you need—quickly, readably and inexpensively.

Careful buyers find it good business to standardize on Hammermill Duplicator Paper. It gives you a large

number of clear, brilliant, readable copies from every master sheet. It runs well on either gelatin or spirit duplicators. On the spirit machine it is an exceptional economizer of contact fluid.

Hammermill Duplicator is low in cost. You can get it quickly through your local printer or stationer in white and six colors that match the colors of Hammermill Bond Envelopes and letterheads. Try it on your duplicator.

**100 SHEETS FREE.** Test Hammermill Duplicator against the paper you are now using. Mail coupon with sample of your present duplicator work, and we'll send 100-sheet test packet free.



### HAMMERMILL DUPLICATOR PAPER

LOOK FOR THE WATERMARK

Hammermill<sup>®</sup> Paper Company, Erie, Pa.

NB-OC

Please send me free 100-sheet test packet of Hammermill Duplicator Paper.

We now use a \_\_\_\_\_ gelatin, \_\_\_\_\_ spirit machine.

NAME \_\_\_\_\_

POSITION \_\_\_\_\_

(Please attach to your business letterhead) \_\_\_\_\_

either at the control desk or at the transmitter.

Remote programs failed to be presented because equipment unexpectedly got out of order, or lines were unconnected, or vague "telephone line" trouble developed.

The income of our station declined. The union salesmen began to come to our sales manager's desk with tales that clients were going to drop their programs unless we promptly signed a contract. Some programs were dropped. Since our city is not particularly large, and is highly industrial undoubtedly some clients were "persuaded" to drop their programs in an effort to make us see how urgent it was for us to sign a contract and retain public opinion with us.

This line of reasoning does not convince but only antagonizes station operators, since they know that there are always two schools of thought and that the station must have both in its audience or it cannot sell sufficient merchandise to justify advertising expenditure by the clients.

But there we were! And it was the good old summer time. Not the kind of summer that radio stations endured a few years ago, when everybody thought with some justification that people put a waterproof cover

over their radios and went off to camp or vacation. But, nevertheless, the summer time, when many merchants and advertising managers do go away and are not in town to discuss or plan programs, and consequently station income drops.

#### Arguments of no avail

EVEN seasonal products advertised only during the summer do not overcome this gradual dropping of programs. The decrease in business had no effect on the temper of the union employees or their backers from the union headquarters.

On the contrary, statements by the management that higher salaries could not be paid, that increases could only come in the early fall when our business resumed normal volume, only embittered them.

"Let the president (the largest stockholder of the company) advance money to meet these pay rolls in the summer. He has it! He can afford to pay it!"

In retaliation, the vice president countered with the statement that the president would never make money in another business and spend it in pay rolls for this one.

This got us exactly nowhere.

Our week-ends (when all parties could assemble more conveniently than at other times) became nightmares of argument, recrimination, and vituperation with the employees' committee and the union officials. The summer heat broke our spirits, and the union problem broke our slumber.

When business dropped to a new "low," after six weeks of this inner commotion, we laid off (strictly according to "seniority") four employees, one of them the chairman of the employees' committee. We offered two of these people work on our sales staff, since we needed sales so desperately. But they would not accept.

The first contract proposed by the union called for increases of  $33\frac{1}{3}$  per cent. We countered with increases that totalled about 25 per cent. They rejected our contract. After this meeting, we agreed that the employees were young enough and fanatical enough that above everything else they wanted a "strike."

The second contract we offered was a definite reduction from the first. Longer hours were included and generally lower wages. Such increases as were offered totalled about ten per cent. This lower contract was offered from spirits worn and fagged with the battle. We had decided that any contract we proposed would not affect the situation one way or another. They wanted the "thrill" of a strike.

#### Drunkenness and union activity

ONE of the union salesmen at this time, an employee of a few months' standing, became so openly insulting and talkative that rumors of his remarks came from the outside. Eventually, it was reported that this man had a police record.

Investigation proved that this was so. And while the sales manager was waiting to confer with him, this particular salesman went out and got gloriously drunk, staggering about town knocking the station and its advertising. He was discharged.

Again we were cited for discharging this employee for union activities. And the union officials actually went to bat for this man of doubtful character and proven unreliability and tried to force us to return him to soliciting the public for advertising.

We never succeeded in negotiating a contract, although we spent hours on the proposition. Tension increased.

We met that week-end and our proposal was rejected. That night we moved into the executive offices, sure that a strike was imminent. We slept on davenport and day beds. We expected a strike on Tuesday, when paychecks would be issued. But they were more cagey.

They struck on Monday noon in the



# Two against the world



This young mother and little lad were left "two against the world," when untimely death touched their lives. But they were ready to meet it, armored against want. The father wisely recognized the possibility that he might die. He sought and found a simple plan, whereby he could provide for the money needs his family would face, if he should die—and with the same savings could accumulate his own retirement fund, if he lived. Though he died at age 37, he had achieved that twofold security on modest earnings. Wisely he had consulted a Northwestern Mutual representative, and through him discovered the EXTRAORDINARY Life Plan.

How to armor them against want—  
how to *know* that they'll have the  
money they will need so urgently!

Don't flinch—we're not talking to men who are about to die.

Instead, we're talking to the very-much-alive—to you who want to make sure that a big part of your life *will go right on*, whether you live or die—the part represented by your earning power, the part that means safety from tormenting want, that assures comfort and gracious living for your family.

What does that take?

You can answer that by listing the basic money needs your family would face, should death stop your earnings—and jotting down your estimates of how much money those needs would require:

- *an immediate cash sum.....\$.....*
- *a monthly income for your widow until the youngsters are grown up.....\$.....*
- *a later lifetime income for her after they're grown up.....\$.....*
- *a reserve fund for emergencies.....\$.....*
- *and probably an educational fund.....\$.....*

#### Fit the money to the need

Now, here's a simple, practical plan for providing that money, a plan that you can start on a scale suited to your present earnings: the Northwestern Mutual's flexible Ordinary Life Policy.

And with the same dollars that guarantee your family's future security, you accumulate your own retirement fund, if you live. At any age you choose—65 or earlier—you can receive a lump sum of cash, or have an annuity income check every month for as long as you live—or you can leave the whole amount as fully paid-for insurance.

The sensible way to draw up your plan is with the help of a Northwestern Mutual representative. When he analyzes your needs with you, and arranges the Ordinary Life Policy to fit them precisely, you'll find it truly your EXTRAORDINARY Life Plan.

Talk frankly to this man. Tell him exactly what you want to accomplish. He will show you how to achieve security. And send for an interesting Preview of Security, showing how the EXTRAORDINARY Life Plan actually worked out for a man of average earnings. Mail the coupon.



The Northwestern Mutual Life Insurance Co.  
720 E. Wisconsin Ave., Milwaukee, Wisconsin  
With no obligation to me, you may send the  
"Preview" of the Extraordinary Life Plan de-  
scribed in this advertisement.

Name.....

Address.....

City..... State.....

N.W. 10-388

middle of a commercial program when our program director and our chief engineer were absent and when we least expected it. We were caught unaware without some necessary supplies to operate our transmitter which was located strategically in proximity to our executive offices in such a manner that, when our chief engineer returned, by sheer force of courage, he drove the striking operators out of the transmitter room and locked the door. This left us in possession (doubtful enough) of our transmitter and executive offices.

However, they had possession, in the recognized manner of sit-down strikes, of our control room and studios. All of our library of transcriptions and our transcription machinery were in the control room. Thus we had no programs to put out. However, if we had attempted operation we would have been stopped by their access to the power supply of our

transmitter, if we hadn't been stopped by missiles directed through the windows, or by gunfire, which would have eventually broken out.

Calmly enough the continuity manager went out to the studios, got all continuity, and brought it into our offices. For hours, the work of re-typing and revising every piece of continuity on the air went on at a furious pace. The sales-manager became a telephone operator for incoming calls, asking why we weren't on the air. Many of the calls were from sympathetic persons who offered help.

The general manager called the police, the city officials and a prominent attorney. The police chief refused to delegate special policemen to the job, but would "have the cruiser go by frequently." The city officials expressed concern and promised to call back with further advice and information, a promise which has not yet been fulfilled. The attorney ad-

vised us that we "needed no legal advice, and that we should not be alarmed over destruction of our property or personal violence, since union officials always instructed their members NOT to destroy property."

This general attitude gives a faint idea of the reliance that can be placed on organized authority in a time of industrial unrest.

However, a politician is usually only as strong as his backers. Probably that is what is called "party" loyalty.

No assistance was forthcoming from the federal Government, except the information that we must be back on the air in ten days!

Out-of-town officials of the company were notified by telephone. The attitude of the Governor who had already expressed some views on the subject was that watchful waiting was the order of the day.

**WATCHFUL WAITING!**  
We were in a building which occu-

## The Irresistible Madison Appeal



Many carloads of people go from this little town near Madison to buy materials they can't get at home



This farmer is preparing for his shopping trip to Madison. Note sticker on windshield

**S**OME 20 Madison, Wisconsin, merchants initiated in 1933 a direct mail advertising campaign to small towns and nearby rural areas calling attention to Madison as a business, educational and recreational center. Each year since then the program has been continued with increasing success.

A monthly program listing the important civic and social events together with an invitation to visit the Madison merchants was the basic mailing piece.

The plan was not new—several other cities are doing the same thing—but Madison merchants added an unusual feature. Through the cooperation of the police department, it was possible to include in the mailing a small windshield sticker which permitted the owner to park his car on certain Madison streets as long as he wished. At the end of the first year, postcards were mailed to all prospects asking if they desired free parking stickers for another season and favorable answers proved the efficacy of the campaign.

Every type of retailer takes part in the program. The first letter, sent out over the signature of Madison's Mayor, was a cordial, friendly invitation to visit the city and attend a widely publicized musicale. The retailers followed up by sending from 1,000 to 3,000 letters a month to a rotating list through a central agency. In the course of the year each merchant is able to cover the entire list of 30,000 names made up from telephone

books and personal canvasses of territory within an 80 mile radius of Madison. The cost averages about 2.4 cents a letter.

One merchant says of the plan: "We undertook to make people want to come to Madison with the same readiness that families in the residential districts of large cities go down town. We wanted to sell them the idea of always looking to Madison for their recreation, to recognize it as a friendly city. We knew that if they developed the habit of coming here frequently the buying would take care of itself."

—MARTIN FRANCIS



International Business Machines Engineering  
and Research Laboratory; Endicott, New York

## *Important Facts behind INTERNATIONAL BUSINESS MACHINES*

A continuous program of research, engineering and development lies behind the performance and high reputation of International Business Machines and methods. The International policy calls for invention, expert designing, testing and experimentation. It includes diligent research into the ways and means of improving the machines and methods of business management.

The building shown above is one of the best equipped industrial laboratories in the world. In this building, International engineers and skilled technicians are constantly striving to improve today's machines and laying plans to meet the business needs of tomorrow.

This alert engineering policy assures the customers of this company of improved machine methods and highest machine performance. These qualities in turn make for maximum efficiency in business administration.



Engineers recording performance of International Electric Bookkeeping and Accounting Machine.

**I N T E R N A T I O N A L**



**Business Machines Corporation**

World Headquarters Building, 590 MADISON AVENUE, NEW YORK, N. Y.  
Branch Offices in PRINCIPAL CITIES OF THE WORLD

## Mrs. Nick Johnson gives birth to Twins



Mr. Executive . . . that's the Nick Johnson who runs the elevator in Plant 4. You've seen him lots of times, nice-looking young fellow—clean, courteous, industrious—going to night school to better himself. Nick and the Mrs. were doing swell—just managing to get by and hold out the few dollars to pay for Nick's delayed education.

### Loans for emergencies

But now there's a hospital bill that will take all their savings—and more besides. Where are they going to get the money? Hardly at a bank because most banks require collateral which they don't possess, or co-makers which they cannot obtain.

To supply the credit needs of wage earners is the function of Household Finance. Here responsible families can borrow up to \$300 on their character and earning ability. Repayment is made in 10 to 20 monthly installments which average only about 7% of current income. Last year Household Finance made helpful loans to over 715,000 families faced with emergencies.

To these families Household also gave guidance in money management and better buymanship—showed them how to get more out of limited incomes. Household's consumer publications are now used in more than a thousand schools and colleges.

### Booklet sent free

Executives interested in the welfare of their employees will find the story of Household's family money service interesting and revealing. Why don't you send the coupon below for complete information, without obligation?

## HOUSEHOLD FINANCE CORPORATION and Subsidiaries

Headquarters: 919 N. Michigan Ave., Chicago

"Doctor of Family Finances"

one of America's leading family finance organizations, with 235 branches in 152 cities

1878 • Completing sixty years of service to the American Family • 1938

HOUSEHOLD FINANCE CORPORATION, DEPT. NB-K  
919 N. Michigan Ave., Chicago, Ill.

Please send me booklet about Household's family money service without obligation.

Name.....

Address.....

City..... State.....

pied a full half-block. Our small force could not picket such a place. Gradually, as the afternoon wore on, a straggling line of tough looking pickets began to appear. We were notified that we could have no food, and that we could go out, but not return. The picket line increased and whiskey bottles began to appear. Language grew more profane, as it drifted in through the open windows.

As night fell, we continued to talk over the phone with hundreds of interested citizens, always discreetly couching our comments in a manner that would meet either union or non-union citizen.

At ten o'clock all electricity was cut off, and we were without fans, or lights. A coal oil lamp, curiously salvaged from the distant past, came into grateful use. The murmur of angry voices beneath our windows grew alarmingly. We partially undressed and from sheer nerve weariness fell into a light slumber.

### Destruction of equipment

WE WERE awakened by the sound of voices very close to our windows . . . too close. We ran to the windows just in time to see our phone wires and all of our remote lines cut down and falling past the window. And the cutter was one of our own employees. As we looked at the ladder leaning against the wall of our property (for the cutter hastily dismounted and ran down and inside the building) something of the old caveman entered into our previously civilized heart.

We reached for the loaded gun which we had been carrying continuously since our home had been entered and searched for papers four weeks before. Our fingers itched to fire. The blaze of that gunfire would have been no brighter than the conflagration that flooded our brain! All of the veneer of years was torn away, and we were eager to kill!

Like the lifting of a curtain we saw suddenly and close to our hearts the plight of those other employers who had been forced to stand by and see their property destroyed. We understood completely how gunfire had broken out. We knew the measure of the age-old peace that had been broken when a man sees the things he has labored for torn away with one gesture of a hot-headed employee who could never build a business himself.

This was no new situation. It was being repeated all over the country. We sank down upon the nearest chair.

Perhaps we dozed. But we began again to hear murmurs. An hour and a half had passed, and the others in the other offices were quiet, presumably asleep. We tiptoed to the window. A group of pickets were huddled

together, passing around the inevitable whiskey bottle. They spoke profanely.

"Well . . . we've got the lights off, and the phones. And they have no food. Tomorrow we'll get the water off, and if the damned yellow dogs don't come out then . . . We'll fire the place tomorrow night, and when they come out we'll give them the damnedest beating they've ever had!"

At 4:30 in the morning we went out under police guard. The police guard was welcome but, all things considered, unnecessary. Because they wanted us out! Five remained in the executive offices, a pitiful force to guard the transmitter in case of attack. And none of them had the knowledge that we carried . . . that firing the building would be attempted by the renegade pickets that night.

Stopping briefly at police headquarters to make a report that the phone and power lines had been cut, we drove swiftly to Chicago, to the office of the Labor Board.

The president of our company met us.

"Either we settle this strike today, or we take armed forces back to take our own employees out of the executive offices!" was our ultimatum to the president. "We will engage officers of the law to guard the transmitter if you want to, but we'll not leave our own loyal employees at the mercy of that mob of hoodlums."

In the office of the Labor Board, like rabbits drawn from a hat, appeared members of our employees' union committee . . . and officials of the local union.

The rest of the story is brief. The Labor Board director was determined to settle the matter and, since he represents federal authority under the Wagner Act, he had authority to do just about as he pleased, particularly in the matter of placing discharged employees back at work.

We compromised, and one discharged employee was put back at work. Two of the employees laid off were given divided work by staggering the announcers' schedules. The very contract which we had offered

## PACIFIC GAS AND ELECTRIC CO.

### DIVIDEND NOTICE

Common Stock Dividend No. 91

A cash dividend declared by the Board of Directors on September 14, 1938, for the quarter ending September 30, 1938, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on October 15, 1938, to shareholders of record at the close of business on September 30, 1938. The Transfer Books will not be closed.

D. H. FOOTE, Secretary-Treasurer.

San Francisco, California.

them at the weekend and which had been rejected on Sunday was signed on Tuesday! It saved the company money.

We signed because we could only operate under violence and without commercial income, since every merchant who would carry advertising with us would have been intimidated into dropping his advertising. Without phones we could not have had copy or continuity for the advertiser. And phone service and power service could not be restored under strike conditions without violence.

We have always felt our obligation keenly to the general public. In this instance, we felt that, if a local person on either side was injured by violence, it would forever be a black mark and a basis of misunderstanding against the radio station which must have the good will of the public to endure.

#### Some help from public

MEANWHILE, a determined counter-movement had been on foot to make officials offer us protection and food. We believe that this may have succeeded. But there is still a doubt that the protection would have been any stronger than the political backing of the police.

When we returned to working headquarters, we found that private apartments in our building had been broken into, and used for sleeping quarters, private locked offices had been opened, phones had been spliced so that the strikers would have incoming calls. The pickets had staged drinking parties in our studios.

The transmitter itself had been thrown out of adjustment by the operators on duty at the time of the strike, necessitating long hours of adjustment, tuning and additional expense. Property of the company which had been in the building had been removed, screens at the windows ruthlessly destroyed so that the sitdowners on the second floor could talk easily with those down below. All of this in addition to a great loss of commercial income! And no place to get damages, because the union is an informal organization.

We are glad the strike is settled. We are glad to be back to work. We believe that we are going to recover our losses. And apparently the employees (with the exception of our crack salesman, the most rampant and ardent supporter of the union and who, as a salesman, already had compensation in the form of commissions cut out for him and who could not have profited by the contract) are happy and willing to get back to work.

But when we met with them, they  
(Continued on page 100)



*This Employer  
Enjoys -*

\*Name on request

## 44.4% Saving in Lumbermens

### Compensation Insurance Costs Drastically Reduced

● In July, 1933, a large eastern dairy company placed its compensation insurance with Lumbermens. Although its accident record had been unfavorable, Lumbermens engineers saw an opportunity to remove the cause of several previous accidents and to eliminate other hazards. Result: a 52.8% drop in the collected rate in four years, with but a 10% drop in the manual rate.

During that period the initial collected rate of \$6.41 was reduced to \$3.02, effecting a saving of \$9,355. To this was added Lumbermens dividends of \$3,534—a total saving of \$12,889 or 44.4%.

#### *The Lumbermens Method*

Lumbermens accident prevention methods are saving thousands of dollars annually for safety-minded employers in American industry. Perhaps, in your plant, a Lumbermens survey of physical hazards and an analysis of the causes of past accidents would pave the way for similar savings—not only on compensation insurance costs but also in the many small but none-the-less real losses in production which always follow an accident.

Write today for more complete information about Lumbermens and a copy of the brochure: "How 10 Corporations Reduced Production Losses by \$133,099."

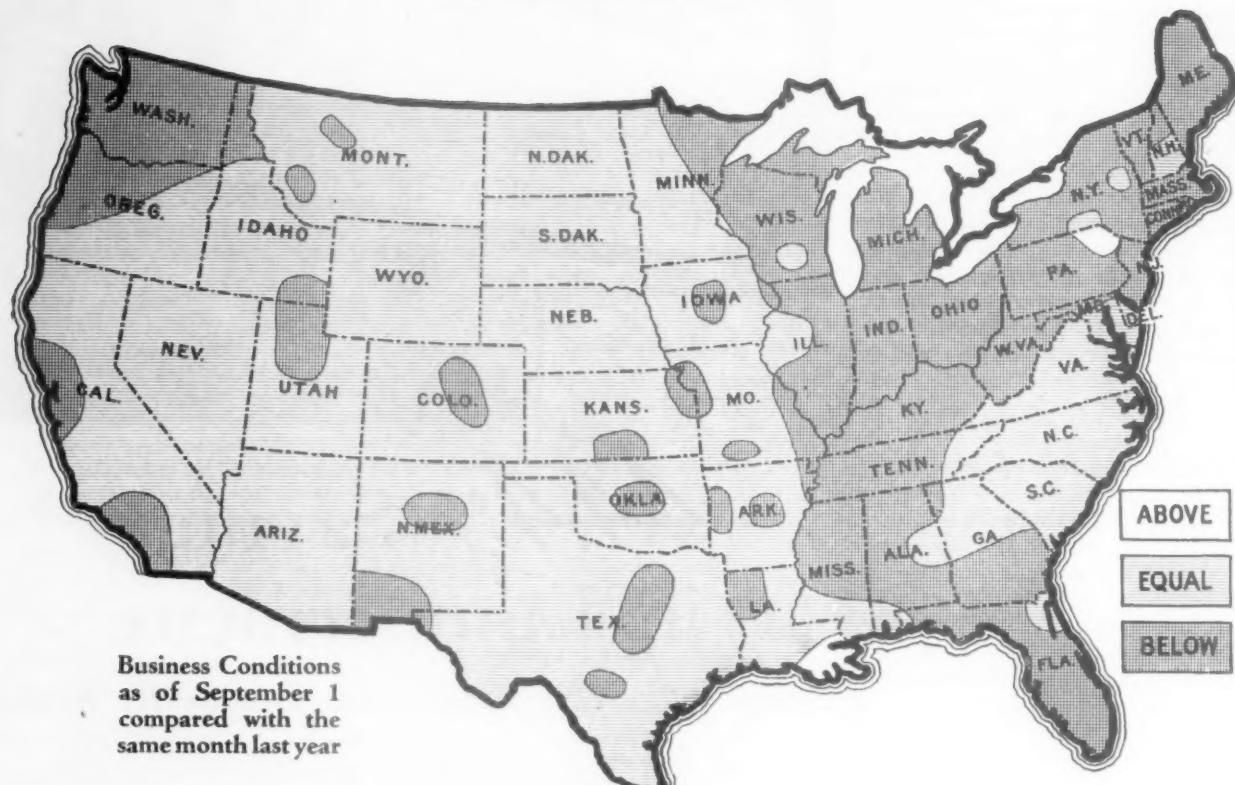
## LUMBERMENS MUTUAL CASUALTY COMPANY

JAMES S. KEMPER, President

MUTUAL INSURANCE BUILDING, CHICAGO, U. S. A.  
Save with Safety in the "World's Greatest Automobile Mutual"

# The Map of the Nation's Business

By FRANK GREENE



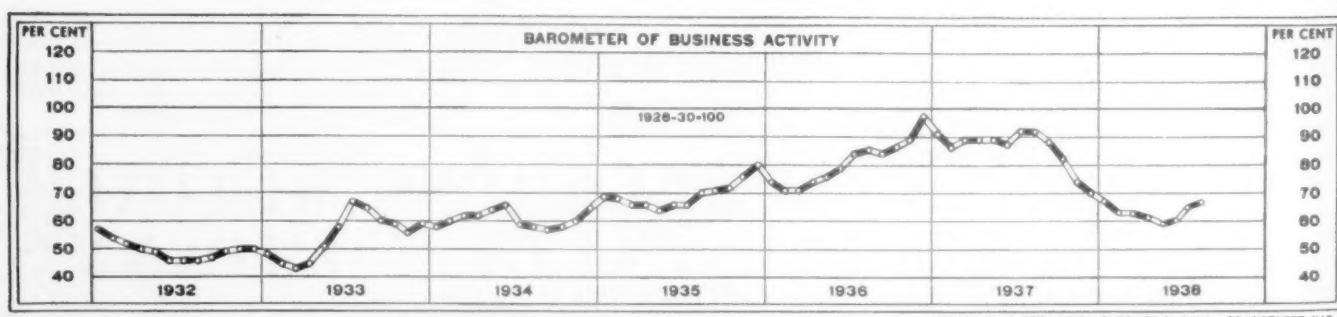
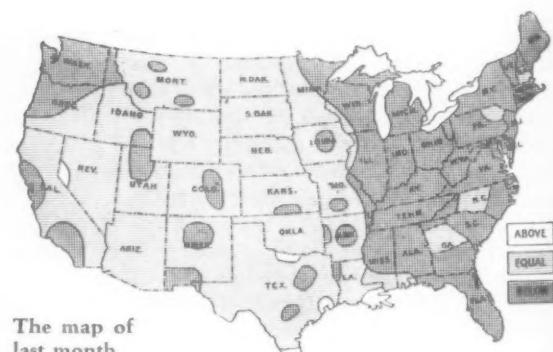
AUGUST industrial activity showed continued but slower improvement in the face of cautious wholesale buying. Interest centered largely on fall automobile business with reduced stocks in dealers' hands indicating hoped-for improvement. Textile production, especially cotton and rayon, was active. Steel ingot output reached a ten-month high at 44 per cent of capacity. Electric output continued at 1936 levels.

A disturbing feature was the continued decline of grains and cotton despite government subsidies and loans. Bituminous coal production increased and car-loadings rose to a new 1938 peak.

Increased residential building was reflected in production of building materials, while public construction accounted for enlarged engineering awards.

The European crisis unsettled financial and commodity markets. Failures were 38 per cent above 1937, while bank clearings remained 11 per cent and bank debits 15 per cent below last year.

Indications of an improved tone in business conditions were evident in areas lying along the South Atlantic coast



Marking the third successive rise, the August Barometer again moved moderately upward, bringing the current level up to that of last January

*New York's First Bank*  
Established 1784

*Personal Trusts*  
Since 1830



A leading fiduciary since 1830,  
serving in all personal and  
corporate trust capacities

---

EXECUTOR . . . TRUSTEE . . . CUSTODIAN  
CORPORATE TRANSFER AGENT and REGISTRAR

---

**BANK OF NEW YORK**  
48 *Wall Street — New York*

UPTOWN OFFICE: MADISON AVENUE AT 63RD STREET



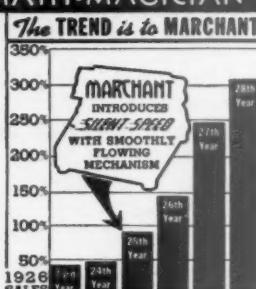
### The WORLD of BUSINESS selects MARCHANT!

Modern calculating intermingles addition, subtraction, division, and multiplication. MARCHANT'S One Hand Keyboard Control permits change from one to the other without preparatory or intermediate operations... Always Ready!

#### Unprecedented SILENT SPEED Automatic Simultaneous Multiplication

Recognizing that multiplication is the principal task, Marchant provides means whereby multiplication proceeds during entry of 2nd factor. No delay after both factors are set up. Answer appears simultaneously with entry. Products may be added to or subtracted from previous total (Deducts tare, discounts, etc.)

#### MARCHANT . . . the MATH-MAGICKIAN



#### MARCHANT CALCULATING MACHINE COMPANY

HOME OFFICE: OAKLAND, CALIFORNIA, U. S. A.

Sales Agencies and Manufacturer's Service Stations  
in all Principal Cities

Gentlemen: You may send us MARCHANT detailed

FEATURE ANALYSIS, without obligation.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

## What Money Can't Buy

(Continued from page 44)  
how he expressed one of them in a letter:

I like to go out into the plant in my shirt sleeves, pick up a spade or a pick or a broom and wield it a bit. Maybe it's a scalpel with which I scrape off some bum paint on a tank—anything for a chance to get out there with the men on their own ground. The example of doing a little lowly work is great. When the men see the boss shovel some dirt out of a driveway, tend an incinerator or walk into the boiler room, note the pressure gauges, peep into the firebox, or wipe off a valve with his handkerchief, it keys them up to beat him to it by looking after these details themselves. And it makes the boss seem more human.

I think the fact that I know how to dig holes has stood me in mighty good stead with our men. One Labor Day the superintendent had them stay on the job to finish some important work. I came in early from a golf game, saw them working half-heartedly and sensed that they didn't relish the assignment. So I pitched in with them, wheeled brick in a barrow, worked up a sweat and ruined my collar—but enjoyed it. After an hour of this I sent out and had a case of beer delivered. We knocked off long enough to drink the beer, then tore into the job again and finished it with the men plainly in a good humor.

Another time when it was raining heavily and a young flood was washing things up pretty badly around the plant

## BELLRINGERS



## 419 Years of Service

TALK that men past 40 have no chance in industry assumes that the elder workers have been abandoned or shunted to the pension rolls before their days of productive labor are over.

A substantial argument in the negative is provided by this group of eight employees of the American Chain & Cable Company's Hazard Wire Rope Division of Wilkes-Barre, Pa.

With individual records of from 45 to 67 years of service, these men represent 419 years of continuous employment with one organization.

In the illustration they are from left to right in the back row: Philip Henry, 46 years of service; George Hoats, 67; Wally Schuler, 49; Pat O'Toole, 57. Front row, Pete Swinburne, 56; Hugh Murray, 50; Tony Blaum, 49; Bill McCarthy, 45.

I went out and helped the boys repair the trouble. Got thoroughly wet and muddy from head to foot and came in for a dressing down at home when I was late for dinner, but I could see it had a good effect on the men.

In the matter of his relations with his workers there are two strikes on the employer to start with. One is the subconscious resentment of the more intelligent employees against the man to whom they must always defer. They are inclined to see their employer only in his rôle of boss, the only man in a business who can win every argument. They fail to see him as a man carrying a load of responsibility—their burdens as well as his own.

The second is a called strike, called by the forces that feed class antagonism and envy. When workers are being told continually that they, too, are entitled to fur coats and trips to Florida, without regard to relative contributions to the business and to society, they begin to believe it, however illogical the theory may be. With someone forever rubbing salt in the raw spots, the friction can be stopped only by management directing its higher talents from other channels into this one of employee relations.

#### Some executives inspire loyalty

MANY executives successful in handling personnel have a way of demonstrating an interest in the affairs of individual employees that binds them closer together. I have cited the instance of an office building owner who did it rather dramatically.

A question arises as to how far an executive can go in this respect and still "be himself." It would be useless to deny that many otherwise able and fair employers do not have this sort of personality. They cannot inquire about Jim's son in college or the health of Mollie's mother without being unnatural about it.

By all means let's have these gestures only when they are sincere. And yet surely it is not amiss to say that every executive who is hampered by a constrained manner when around his workers will profit by trying to unbend a little. Many such who carry sobriquets like "Old Sourpuss" are yet known by their older employees to be "a fine man when you once get to know him well." But how many ever break through that austere crust!

Most big men, we are told, are distinguished from others by the care they exercise in handling people. Perhaps a little exertion to be more human without being patronizing will have the effect of actually arousing in the executive an increased interest in the individual vicissitudes of his workers. He may discover there some of the satisfaction that a salesman finds in cultivating his customers.

With all the attention the subject of public relations has had it is amazing to observe the number of obvious things left undone and the number of utterly stupid things that are done. Mere mention of a few instances in my own recent observation should indicate what boundless worlds wait to be conquered in this

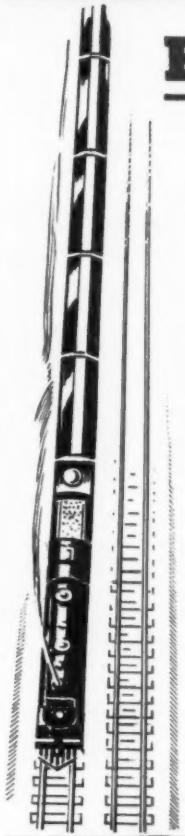


## ERIE Can Move It!

• Here's a complete refinery on wheels—rolling to its permanent home via Erie. Tons of equipment 8 stories tall—and so bulky that many railroads could not handle it.

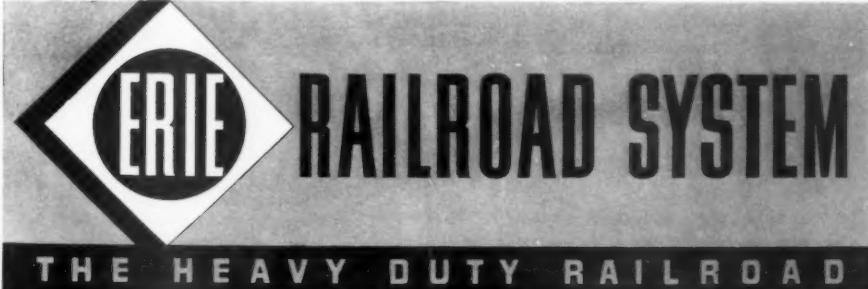
These extra big loads can be moved safely, speedily, because of Erie's higher, wider clearances. Special equipment all along the line also assures faster handling of unusual freight. That's why shippers call Erie "The Heavy Duty Railroad". Why they trust Erie with their biggest loads.

But Erie's more than a heavy duty road. It's a railroad that offers faster, safer, more economical delivery—whatever or wherever you ship. Get the proof! Call the local Erie agent on your next shipment.



#### Travel the Scenic Erie

... between New York, Binghamton, Elmira, Buffalo, Chautauque Lake, Youngstown, Cleveland, Akron, Chicago  
AIR-CONDITIONED TRAINS • EXCELLENT MEALS  
FINEST SERVICE • LOWEST FARES



# THRU A PILOT'S EYES...



...you'll get a new  
industrial picture!

An airplane ride over the state will thrill you—will show you why New Jersey's industrial picture is so unique. You'll see big industrial operations at the water's edge. You'll see busy plants operating in small towns of the state's interior. You'll see mountains, farm lands, seashores, large home communities and small. You'll see an interlacing of railroads, highways and waterways that bespeaks mobility and thriving trade. You'll see the nation's largest city at one end, the third largest at the other, and realize that more than one-third of the nation's buying power is reach-

able overnight. You'll see that New Jersey is richly blessed. . . .

. . . You'll reflect that with such great diversity and such residential advantages there should be an abundance of capable workers who are willing to work. There is. You'll guess that reliable power sources are available. They are. You'll be pleased to hear that there's no personal or corporate state income tax. You won't be surprised to hear that 50 major industries and hundreds of smaller ones took up New Jersey locations last year. This is a good place for industry to be . . . that's why industry is on the move to New Jersey.

New Jersey Council, Dept. NB-3

State House, Trenton, N. J.

**NEW JERSEY COUNCIL**

CREATED TO TELL YOU ABOUT THE INDUSTRIAL



ADVANTAGES OF THE STATE

Now in preparation: An Industrial Atlas of New Jersey. Ask your secretary to write for your copy.

effort to make business smell more fragrant to Mr. and Mrs. John Q. Public.

A bus company, resplendent in a fleet of shiny, new, luxuriously upholstered buses, has allowed its public relations to fall into complete decay. The drivers' answers to questions by passengers are so curt and surly that to ask is only to be embarrassed.

A corporation with a highly organized public relations department has a bad leak at its telephone switchboard. When a call is placed for someone in the organization who happens to be busy at the moment, the operator invariably forgets about the waiting caller-on-the-wire. Generally it's necessary to hang up and call back again.

A complaint letter was addressed to a large manufacturer who has been spending big money in good will advertising. We didn't like our first order of the product and said so. Just six weeks later came a reply quoting several testimonials from users who contradicted our view of the product.

A large bank is reputed to have a high-class personnel department but seemingly regards courtesy as outside the qualifications of bank tellers. They make no requests in this bank. Every direction to a depositor begins with "You'll have to . . ."

A subway system which has been pleading with the city for a higher fare employs a force of hard-boiled guards to whom every passenger is a potential slugger. In a controversy their method is to sock 'em first and investigate afterward. They are engaged continually in noisy affairs with patrons, accounts of which are spread prominently in the newspapers. In saving a few nickels at the turnstiles they waste millions in public esteem.

#### Publicity is not well handled

THREE of the accompanying questions for executives by H. C. Marschalk suggest to the writer something seriously amiss in the relations between business and the press. Industrialists so often have rubbed the fur the wrong way when it came to dealing with the fourth estate. On the one hand we have the avid publicity hound, grinding out "releases" by the bale—most of them straight advertising copy—and dogging news men with their press agent tricks. At the other extreme is the secretive business man. His idea of labor strategy is to keep his lips sealed. He is willing to talk for publication on some things but nary a word about labor troubles. However much his company may be libeled in the public prints by agitators, he will discuss the subject only behind closed doors.

Of the two, the devotee of secrecy probably is doing industry more harm than the seeker after free linage. Labor controversies are news to nearly all readers and the newspaper that neglected such news would not rate as a good paper. When a strike occurs it is notable that the principal source of news is headquarters of the local labor organizer. This is not the choice of the newspaper men as a whole. Most of them would be just as willing, probably

more willing, to go to the head of the business involved or to the secretary of his trade association, if complete news were readily available from these sources. Too often it is not.

A trade journal carried a regular department of labor news for several months in 1937. It was prepared largely from press clippings about strikes in the industry served by this magazine. This feature soon brought a wave of protests from readers who said the facts were inaccurate and biased. A check of some of the newspapers from which the clippings had been taken revealed this common response:

"No statement was available from the employer. We published the facts as given to our reporters."

The strange thing about this incident is that the employers who complained to their trade paper had not done so to the newspapers which first published the misstatements.

### Silence does not help

THIS shows the futility of a policy of silence. False reports are certain to be circulated in the heat of labor controversies; the only safeguard is to set up means for offsetting them by the truth. The ideal function of a public relations department has been well defined by G. J. Stewart, vice president of Swift & Co. (Quoted by Bronson Batchelor in "Profitable Public Relations.")

We don't believe good will can be bought. We don't have a department trying to obtain quantities of this intangible for our company. We don't have press agents or publicity men...

We do have a public relations department. Our department is accurately named. Its duties, briefly, are to act as an information bureau for anyone who is seeking authoritative, accurate information on the activities of Swift & Co.... This department does not send out mimeographed releases seeking publicity in the guise of news.... It makes no attempt to create news. It does not attempt to influence editorial policies. It is primarily interested in making certain that any information published or even spread by word of mouth about our company or our industry is accurate. In other words, it seeks to prevent the growth of ill will which might result from the dissemination of misinformation.

In these times no policy, however enlightened, can be relied on as absolute insurance against strikes and other controversies on the labor front. Neither can it assure public esteem when so many forces are working consciously in the opposite direction. But it can help to mitigate these liabilities until a sane and ordered state of mind once more prevails.

If management itself will catch the spirit and infect its subordinates with it, every one in a business becomes part of the public relations and personnel departments. Only then can these department heads do the job they were hired to do—the job of making the business more human and likable to its employers and neighbors. And then institutional or good will advertising will come into its own, because it will be selling something it can positively deliver.

"In covering the news I see Dictaphone at work early and late... in offices, homes, even trains and hotels! Whenever and wherever it's needed, Dictaphone is ready for action. It takes memos, 'fixes' ideas, records instructions... everything that crosses

a desk. Busy executives like those shown find that using this modern dictating machine is the easiest way to operate. At their convenience, they can do things that need doing when they ought to be done. And that's the best definition of efficiency I know!"



THE NEW PROGRESS CABINET DICTAPHONE

CLARENCE C. MOSACK  
Pres., Consolidated Brass Co.,  
Detroit, Mich.

DEAN BABBITT  
Pres., Sonotone Corporation,  
Elmsford, N. Y.

"...secretary can now continue writing...while I dictate...consider its purchase one of our best investments..."



PHILIP M. MORGAN  
Treas., Morgan Construction Co.,  
Worcester, Mass.

WARREN H. SAPP  
Gen. Mgr., Chicago Plant, Armour  
and Company

H. C. ROSENDORF  
Vice-Pres., The Holfast Rubber Co.,  
Atlanta, Ga.

"...many things are written as reminders which used to be left to memory..."

"...so convenient...expedites daily routine...accumulation of papers and notes greatly reduced..."

"...have used it nights, Sundays and holidays without having to ask my secretary to work during these off hours..."

### NOW MAIL THIS

There is only one true Dictaphone. It is made exclusively by Dictaphone Corporation at Bridgeport, Conn.; sold through our own offices in the United States and Canada. We invite your inquiry.

The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

NB-10

Dictaphone Sales Corp., 420 Lexington Ave., N. Y. C.  
In Canada—Dictaphone Sales Corp., Ltd.,  
86 Richmond Street, West, Toronto

I should like to talk with someone about the loan of a Dictaphone in the New Progress Cabinet at no expense to me.

Send further information about Dictaphone.

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_

## Business Men Say . . .



Thomas I. Parkinson

ACME



Hiland G. Batcheller



J. E. Tobey

**J. E. TOBEY**, Manager, Fuel Engineering Division  
Appalachian Coals, Incorporated

"There will be enough coal to last for 2,000 years. It is evident that we are going to be in the coal business for a long time. . . . One chemical company reports that coal forms the basis for more than 100 of its commercial products. . . . Our bountiful coal reserves and the indispensability of coal are factors which insure greater stability, perhaps, than that enjoyed by any other industry. . . . The average employment in the coal industry, with that incident to transportation, amounts to approximately 1,000,000 men. These wage earners are among the country's best spenders and their money goes quickly into circulation. It is estimated that they buy between 100,000 and 200,000 automobiles per year."

**F. H. QUARLES**, Secretary and Treasurer  
Charlottesville, Virginia, Hardware Company

"Merchants are no longer threatened with a potential danger from the possibilities of so called 'consumer cooperative associations'—the danger is now an actual reality. . . . The situation is becoming a more serious matter by reason of the interest which our State and National Governments are taking in the same. . . . We are also informed that municipalities have entered the retail business in direct competition with licensed merchants and that there are operating deficits which are paid out of licenses and taxes collected from the taxpayers."



F. H. Quarles

**THOMAS I. PARKINSON**, President  
The Equitable Life Assurance Society of the United States

"We in the life insurance business do not need to be told that we are handling other people's money. We think we have done a good job, and are justified in reminding our friends in public position that they, too, are handling other people's money—and perhaps, we may add, 'and how they are handling it'!"

**HILAND G. BATCHELLER**, President  
Allegheny Ludlum Steel Corporation

"Steel has been a dynamic force in raising the American standard of living far above that of any other nation. Over 90,000 steel products such as the refrigerator, telephone, automobile and power line have contributed to these standards. Approximately 500,000 men are normally employed in the industry at wage rates which in 1937 were 25 per cent above 1929."

# A County that Turned Down Relief

By GEORGE MORRIS

**G**IBSON County, Tenn., defines a political paradox. It is long on independence, yet has none for sale.

Distinguished with agricultural diversification, this county is currently providing an eloquent example of community self-reliance in a national atmosphere charged with political evangelism toward acceptance of relief and subsidy as the only way to economic salvation.

It is a county of small farms and small industries, comfortable and well kept homes, registered cattle and blue-blooded horses. Its people appreciate and enjoy the better things of life. Despite acres devoted to small crops, soil conservation, rotation of crops and constant replenishment of fertility, Gibson County frequently ranks as high as second and seldom lower than fourth in cotton production in a state where many counties produce cotton almost exclusively.

Among the shipping crops are strawberries, cabbage, tomatoes, beans, cucumbers and numerous other fruits and vegetables. Its industries

include textiles, shoes, garments, cotton oil, canned goods and lumber.

Humboldt, the largest town, population 5,000, is thriving, modern, with none of the spirit of rampant "progress" typical of boom towns. It is an example of American enterprise and individual initiative.

Until P.W.A., W.P.A. and A.A.A. came along, Humboldt and Gibson County accepted their problems in their stride, solved them in their own way and to their satisfaction. Humboldt came near surrendering to the lure of a 45 per cent P.W.A. grant, but better judgment prevailed. Its public buildings are modern and adequate and P.W.A. influence has been resisted.

W.P.A. has been more difficult. It has a more insidious appeal. The argument of "more money in circulation" is strong, but it has been offset by the problem of getting workers to gather perishable crops. It is not easy to get workers in the field when relief beckons the unemployed to come over and rest in the shade of a tree.

In the early stages of "relief" a

group of business men and farmers from Humboldt and Gibson County went to Nashville and flatly told relief officials they wanted relief in Gibson County discontinued. Strawberries were decaying in the fields for want of workers. Relief threatened ruin. Relief was discontinued and the unemployed went to work.

But W.P.A. filtered through, inevitably. While it has been kept at a minimum, the influence is widespread.

Humboldt suffered somewhat from the depression. Purchasing power elsewhere diminished and farm prices declined. Collection of municipal taxes fell behind and forced suspension of interest payment on one small bond issue.

## Solved their own problems

THE people of Humboldt were as jealous of the town's credit as of their own. They had prospered by spending less than they earned. The feeling was that the town should do the same thing.

Business men and the citizenship generally set about to remedy conditions. The town's civic activities are centered in the Chamber of Commerce. Operating through the Chamber, the business men selected candidates for mayor and board of aldermen. Nominations were accepted as a civic duty. The ticket was elected.

The new administration reasoned that, if property owners could not pay taxes already assessed, it would be folly to increase taxes and equally absurd to issue more bonds when those already issued threatened to default. So the administration adopted what might be termed a novel experiment in present day governmental operation: It reduced expenses. Bond issues were refinanced. Interest payments were resumed. The town was living within its income without increased taxes or added indebtedness. Within two years a considerable part of the floating indebtedness was retired and interest charges reduced.

That problem was no sooner out of the way than another arose. Repairs of public conveniences and expansion of city improvements, long neglected, were urgent. The colored high school burned and a new building was necessary. The elementary school building was old, became dangerous, was condemned and abandoned. The high



"He figured out that his income tax pays Joe's wages for one month out of the year. He's seeing that he gets his money's worth!"

school building, which had to pick up the housing load when the elementary building went out of use, became overcrowded. Thus, the authorities found they had three major school demands on hand at one time.

To add to the difficulty, a manufacturing concern which was serving the community well in providing employment and helping to resist relief, found that it was necessary to consolidate two or more of its factories in one building. It asked the town to help. Knowing that immediate enlargement of the concern would aid in providing employment, the town was eager to help with the erection of a new building. The mayor and aldermen, backed by the Chamber, got behind the project and succeeded.

The school problem called for a major building program. The first thought was to turn to P.W.A. After some negotiation, P.W.A. agreed to put up 45 per cent for the colored school building.

An architect was employed to prepare plans. According to his estimates the cost would be about \$24,000.

The plans were sent to Washington. To the astonishment of the mayor and

aldermen, the P.W.A. returned the plans with the statement that the school could not be built for any such amount. The town was directed to resubmit the plans to the architect with instructions to increase his estimate.

The architect, who had already carefully estimated the cost, arbitrarily hiked the figure to \$49,000.

#### They built economically

THE mayor and aldermen were not running the town on that basis. They refused to be tempted to waste money, even though it was "free." They refused to have anything to do with P.W.A.

The town proceeded with its construction program without assistance. Instead of costing \$49,000, the school was built for less than the original estimate of \$24,000 and was a better building than the architect planned. The roof was better and the foundation heavier. A stoker, not included in the original estimate, was added.

The other buildings were built in the same way—all without P.W.A. assistance. The mayor and aldermen figured they could do a better job with

less expense by paying the entire cost than by accepting a 45 per cent P.W.A. grant. The citizens of Humboldt are proud of the money saved. They have compared their experience with that of their neighboring towns. Editor C. W. Rooks of the Humboldt *Courier-Chronicle* has made comparisons with Trenton and Milan. This is how he describes the result:

Trenton and Milan received 45 per cent grants from the P.W.A. for construction of school buildings. Their buildings cost about \$95,000 each. Humboldt, without P.W.A. assistance, constructed a ten-room colored school building of brick; a two floor industrial building with steam heating plant and sprinkler system, producing an annual rental of \$1,200 and providing employment; a large elementary school building of solid brick construction, with 18 large class rooms, large cafeteria, auditorium with 800 capacity, complete and furnished except for seats, and got them all for about what the neighbors paid for a single school building with P.W.A. grant.

When election time rolled around last year the town called the board members back for the fifth consecutive term and elected them unanimously. The mayor was reelected by a large majority.

## What "the State" Really Is

**W**E ARE told every day that great social problems stand before us and demand a solution, and we are assailed by oracles, threats, and warnings in reference to those problems. There is a school of writers who are playing quite a rôle as the heralds of the coming duty and the coming woe. They assume to speak for a large, but vague and undefined, constituency, who set the task, exact a fulfilment, and threaten punishment for default. The task or problem is not specifically defined. Part of the task which devolves on those who are subject to the duty is to define the problem. They are told only that something is the matter; that it behoves them to find out what it is, and how to correct it, and then to work out the cure. All this is more or less truculently set forth.

After reading and listening to a great deal of this sort of assertion I find that the question forms itself with more and more distinctness in my mind:

Who are those who assume to put hard questions to other people and to demand a solution of them? How did they acquire the right to demand that others should solve their world problems for them? Who are they who are held to consider and solve all questions, and how did they fall under this duty?

So far as I can find out what the classes are who are respectively endowed with the rights and duties of posing and solving social problems, they are as follows:

Those who are bound to solve the problems are the rich, comfortable, prosperous, virtuous, respectable, educated, and healthy; those whose right it is to set the problems are those who have been less fortunate or less successful in the struggle for existence.

The problem itself seems to be: How shall the latter be made as comfortable as the former?

To solve this problem and make us all equally well off is assumed to be the duty of the former class; the

penalty, if they fail of this, is to be bloodshed and destruction. If they cannot make everybody else as well as themselves, they are to be brought down to the same misery as others.

During the past ten years I have read a great many books and articles . . . in which an attempt has been made to set up "the State" as an entity having conscience, power, and will sublimated above human limitations and as constituting a tutelary genius over us all. I have never been able to find in history or experience anything to fit this concept. My notion of the State has dwindled with growing experience of life. As an abstraction, the State is to me only All-of-us. In practice—that is, when it exercises will or adopts a line of action—it is only a little group of men chosen in a very haphazard way by the majority of us to perform certain services for all of us.

The majority do not go about their selection very rationally and they are almost always disappointed by the results of their own operation. Hence "the State," instead of offering resources of wisdom, right reason, and pure moral sense beyond what the average of us possess, generally offers much less of all those things.

Furthermore, it often turns out in practice that "the State" is not even the known and accredited servants of the State, but, as has been well said, is only some obscure clerk, hidden in the recesses of a government bureau, into whose power the chance has fallen for the moment to pull one of the stops which control the government machine. In former days it often happened that "the State" was a barber, a fiddler, or a bad woman. In our day it often happens that "the State" is a little functionary on whom a big functionary is forced to depend.

"What Social Classes Owe To Each Other," by Wm. Graham Sumner—1883. Harper & Bros.



# WHAT "The Railroad Problem" IS NOT !

A LOT of people in recent months have been trying to put a finger on the answer to the so-called "railroad problem."

That's fine. We welcome it. All this is a healthy sign that people are coming to recognize the railroads' problems as their problems—part of an unsolved *national* problem of transportation. But by way of keeping the discussion on the track, we'd like to point out a few things which the railroad problem is *not*.

It is *not* failure of service.

Freight moves faster than ever before. Freight schedules are more dependable. Freight rates are the lowest offered by any railroads in the world. Passenger schedules are faster. Passengers ride in air-conditioned comfort—and fares are below the pre-war level.

It is *not* failure to keep pace with progress.

Engineering advances in locomotives, to take just one example, have produced a notable step-up in power and speed—and an economy of operation which produces the power to haul a ton a mile with a glass of water and a handful of coal.

It is *not* lack of watchfulness for sound economies.

The serviceable life of cross ties, for instance, has been multiplied by three in the past twenty years by improved methods of treating timber—and this, plus improved metallurgy

and better methods of track construction and maintenance, has *increased* safety and still saved \$1,000,000 a day. Another \$50,000,000 a year has been saved by softening the water used for steam.

It is *not* an increasing burden of debt.

The proportion of stocks and bonds and equipment notes in relation to total investment is far less today than it was in the most prosperous periods in railroad history.

It is *not* "watered stock."

The amount of railroad stocks and bonds outstanding is billions of dollars less than the investment in railroad property.

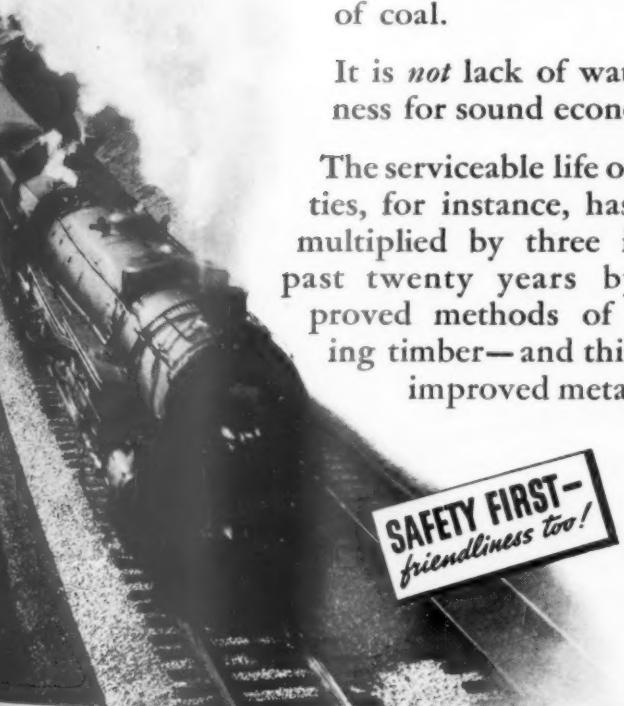
No, the real railroad problem is none of these.

It is due, at bottom, to the fact that railroads must operate under rigid regulations based on a fifty-year-old theory that they have a monopoly in transportation—and compete with three other forms of transportation subsidized or helped by tax money.

In the interest of straight-thinking, the American railroads have prepared a concise and clear-cut program for a public transportation policy. What it adds up to is this:

*All the railroads need is an opportunity to run their business as a business, on a fair business basis—with reasonable freedom to "price" the only product they have, which is transportation service—greater freedom to adjust their rates to meet competition—and to adjust their expenses to the conditions of their business.*

You'll find the whole railroad program interesting. Send for your copy today.

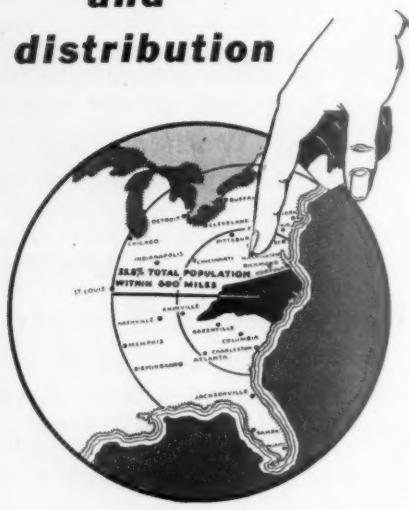


SAFETY FIRST—  
friendliness too!

ASSOCIATION OF  
**AMERICAN RAILROADS**

WASHINGTON, D. C.

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**is the place to**  
**CUT your COSTS**  
**of production**  
**and**  
**distribution**



**N**ORTH CAROLINA is logical for the location of your plant for many excellent reasons. One of the oldest industrial States in the Union, Industry thrives here under business-minded laws and tax policies. The climate is moderate the year round, hence less investment is required in factory buildings . . . less for fuel. Workers, nearly 100% native-born, are friendly, intelligent and ambitious to deliver a day's work for a day's pay.

The State is rich in raw materials, and its power supply is both adequate and economical. Here you have the geographical advantage of being within 600 miles of over half the country's population—yet without congestion. A splendid system of paved highways, rail and water shipping facilities aid economical distribution. At your request, an analysis will be made of the profit opportunities here for your business.



Write Industrial Division,  
 Room 104, Department of  
 Conservation & Develop-  
 ment, Raleigh

**North CAROLINA**  
 HOME OF SUCCESSFUL INDUSTRY

**Movie Making Isn't All Glamour**

(Continued from page 22)  
 art is working in another studio, so the sequences in which he does not appear have to be shot first.

All the principal players must have doubles or stand-ins who are useful in arranging the proper lighting and focal distances for the cameras. A "double" or person who very closely resembles a principal, earns \$50 a day. A "stand-in" who has the same general appearance and stature as the principal gets \$50 a week for standing or sitting endlessly while the electricians and cameramen prepare to shoot. Here are hidden expenditures, because hours are consumed in this work.

A careful schedule must be worked up for the building of sets before construction gets under way. Writers naturally insist on the most expensive backgrounds. Those ideas have to be whittled down. Mr. Capra has the reputation of being a stickler for detail, which means a greater outlay for talent, sets, props, and wardrobes. In the stage play all the action took place in the living room of a New York house. In the film it is possible to portray scenes only referred to in the play or which occur offstage.

For example, the scene where the home-made fireworks go off in the basement workshop, and where the innocent family is clapped into jail. Such amplification of the play's action and scope increases the dramatic power of the production, and naturally costs money for sets.

After several conferences, 52 sets are decided upon. These will cost under the average for an "A" picture, the total

being \$202,000. The main ones are:

A New York street, a Victorian house, a middle class living room (\$18,500 to build), a basement workroom replete with small gadgets, a Park Avenue apartment interior, an elaborate business office, a plain office, a police court, a jail interior and bull pen, and a bank building front and lobby (\$25,000 to build).

Since changes are always made in sets after shooting begins, we allow \$4,000 for this purpose.

**Sets must be realistic**

THE principal item of expense is a New York street, including a section of the Elevated. Columbia Studios did not have a New York street so it was necessary to build one, including trees, real water plugs, and street lamps. It took 125 men about two months to do the job. Two million feet of lumber were used for the building "fronts"; the El required 50 tons of structural steel; 3,000 bags of cement went into sidewalks and curbstones; and 400 tons of asphalt were used in the street paving.

One whole house was built, complete with plumbing and electric light. For the house, Capra insisted on an antiquated wallpaper which would have been in style in the days of General Grant. A wallpaper firm managed to find 600 rolls of dusty, cobwebby paper in its attic which just filled the bill. \$10,000 was spent in fire escapes, fencing and ornamental iron work on this house because it had to reflect the Victorian era in which it was built.

Because the set was built on Colum-



Stephen Gooson (seated), the art director, examines sketches of all the sets that will be required in the play

bia Studio's ranch outside Hollywood, it was found necessary to put in a 700 foot storm sewer to make sure the place would not be knee-deep in water in case of rain—something no one had counted on. The street cost \$100,000 but only \$20,000 was charged as rental against *You Can't Take It With You*, because the set can be used again.

About 2,000 separate props were required, including 500 masks used in a comic sequence. Most of the items (pictures, bric-a-brac, rugs, and furniture) are carried in stock in the studio, but many still have to be purchased or made, such as fireworks, a harmonica, carved animals, an unfinished oil portrait, a xylophone, and the like. Because of possible breakage or spoilage it is often necessary to have such props in duplicate. The cost of manufacturing props, renting them, and the labor in making and taking care of them is \$38,000.

One scene called for a flock of moths to be released when Lionel Barrymore fished an old silk hat out of a trunk. No one in Hollywood had any moths on hand, so at night the players turned on the porch lights at their homes, and brought in all the moths they could catch in mason jars, boxes and milk bottles. Everyone was pleased. The moths hadn't cost a cent. But after the scene was over, the moths kept flying in front of the cameras until an exterminator had to be hired to drive them out.

#### Many trouble-shooters

WHEN shooting begins, a large number of persons are kept on the job in case anything goes wrong. There is a carpenter to mend a set, a stand-by painter to touch up marred surfaces, two property men, two people from the wardrobe department to take a few stitches if needed, not to mention the dozen electricians who are always on hand, the six or seven "grips" who move furniture, the script girl, the "still" photographer who takes publicity pictures, a watchman, "special effects" man, a publicity man, and a few miscellaneous "experts" at something or other.

Work on the costumes is started long before production begins. The designer, Robert Kalloch, keeps within his budget, \$20,000. Actual tests are made with the cameras to make sure that the various costumes do not clash with each other, with the backgrounds, or, worse yet, blend into the backgrounds. Most of the players in our film can wear ordinary clothes, but the wife of the financier has to have two ermine capes, two hats, two evening dresses, and expensive jewelry.

The principal players usually have duplicates for their costumes because they may get soiled, burned or stained. A picture might be held up for a day or two, at about \$30,000 a day, while a costume was being duplicated. As the ermine cape cost \$2,200 and the evening dress material cost \$19 a yard, doubling such items runs into money. Very little of the value of these costumes can be salvaged for class B pictures.

In the budget we will put down \$12,000 for the camera crews. Capra usually has two cameras going when he is shooting ordinary scenes. This doubles the immediate expense, but he maintains that a



## WHY TRUCK TIRES HAVE BECOME A FRONT OFFICE ITEM

- Lean years cause business heads to scrutinize all costs more carefully.

This year, many men are discovering that while a great deal of thought has been given to the purchase of a truck costing perhaps \$1000, that very little thought has been given to the purchase of tires which in the life of the truck might cost more than the truck itself.

If a set of tires costing \$250 can be made to run 50% farther, here is an important saving. Multiplied by 10 or 20 trucks, this saving could actually pay for several additional trucks or other equipment.

The answer to cutting truck tire costs goes much further than merely buying a husky well known make. A good tire on the wrong job won't deliver half its potential service.

Your local General Tire dealer not only has a complete specialized line of tires but he is a practical truck tire man with wide experience in applying and servicing tires. He is ready to offer you the benefit of his knowledge. He may be able to reduce your costs materially.

**THE GENERAL TIRE & RUBBER COMPANY • AKRON, O.**

*In Canada—The General Tire & Rubber Co., Ltd., Toronto*

**GENERAL TRUCK TIRES**



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W17

## Credit Losses Strike Like Lightning

Business casualties occur suddenly and unpredictably. They disturb you very little until a bolt like lightning strikes right into your very own business with disastrous consequences.

Your credit manager, faced with losses, does not deserve censure. His decisions must rest on customers' past records, current ratings, credit reports. *He can't read the future.*

Prudent executives provide against unexpected credit losses by covering all sales with

### American Credit Insurance

Ample protection is needed alike by millionaire firms who may think that they can "afford" to have losses, and smaller Manufacturers and Jobbers to whom a few defaulting customers spell tragedy.

An "American" General Coverage Policy is your most certain safeguard against loss of capital, frozen capital, profits shrunken by slow-paying accounts. Goods shipped in accordance with the terms of your policy *will be paid for*, regardless of insolvencies or "77-B" reorganizations. Delinquencies will be liquidated. There is a form of policy for your exact requirements. Ask any "American" representative.

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of New York . . . . . J. F. McFadden, President  
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Offices in all principal cities of United States and Canada

superior negative and a few retakes more than justify the extra money.

Seven men will be on hand at all times directly responsible for the recording of sound, at a total budget figure of \$14,750. This does not include the 30 men in the studio's permanent Sound Department. Most "A" pictures run to more money for music than we are spending, \$10,000, which covers the cost of a dance orchestra, a music arranger, a copyist, and two other supernumeraries.

Because this is a contemporary picture, the make-up expense is not high: \$10,500. There is a department head who is responsible for all make-up in the picture, one make-up man and two hairdressers on the set at all times. A few artificial wigs and beards must be put on every day (see Auer photo) and some of nature's blemishes covered up.

### Much film is not used

CUTTING and editing of the negative costs \$11,000, although this does not include the maintenance of a permanent laboratory with a staff of 50 employees. Ordinarily Capra shoots 5,000 to 7,000 feet of film a day, with the grand total running to 275,000 to 300,000 feet of film a picture. This is cut, edited, and pieced until the film as exhibited will not run more than 12,000 feet.

Problems are met as they occur. As the last days approach, the tension eases off if the players feel their work is good; it increases if they are dubious. Fortunately, we have a director with a perfect box office record, so nobody is concerned . . . except Mr. Capra who carries a \$1,000,000 responsibility around on his shoulders . . . and rather lightly, too.

Hollywood glamour is for the fan magazines.

Actually, film production is an exacting business, carried on under pressure. In the studios, if you will stand off a bit and watch the actors go through their paces, you inevitably get the impression of puppets being guided by a large and evident crew . . . a crew the movie camera never reveals. Making pictures is truly an industry. When all work together, the result is often superb, but when the inevitable jealousies and conflicts come out, as they must in an industry where there are no rules and where the individuals are often high strung, there is bound to be grief. Yet there is something fascinating about making films, and there is always the unexpected to intrigue and plague you.

You will find out whether your completed opus is good or bad at the sneak previews which the studios put on in and around Los Angeles.

If the audience just sits there, with nary a ripple of interest or laughter, you gradually sink lower and lower in your seat. And all around Hollywood next day you hear that you have turned out a flop, that you are on the down grade as a producer, a bit "corny" in your ideas, definitely on the way out.

But if you produce a box office success, there are encomiums all around. Congratulatory telegrams. Cables. Personal calls. You are on the way up. You are a genius . . . in Hollywood, anyway . . . and you will get your money back and maybe another million besides.

## A Year of Retail Price Control

(Continued from page 52)

standard items. Yet, the millennium of the small business man is far from being reached. There are clear indications that, after a first period of paralyzed competition, the old law of supply and demand will be reinstated.

Chains in the drug field prohibited from using standard goods as price leaders have gone into the market with so-called off-price sales of staples. In some instances, merchandise has been bought in big quantities and sold at attractive "profit-sharing" prices. A new means to the old end of getting crowds into the store. Or take the sale in grocery stores and super-markets of price protected drugs and cosmetics. They mean increased competition for the independent retail specialty store. In other words, the attractive force of the standardized margin causes distribution through broader outlets.

### Controlling competition

THE strongest single element in the new order is a striking growth of retail cooperation and group organization. Visualized as a legal device, price maintenance represents the manufacturer's control over the retail price margin. Evaluated in its practical effect, price maintenance is rather a form of organized retailers' control of competition. The drive for improved profits of the independent retailer may be compared to the struggle of labor groups for better wages or of farmers for crop protection by higher farm prices.

This character of the fair trade movement has become particularly evident in those areas where it has tied in with the labor movement. Shrewd labor leaders were quick to realize the advantages that the independents' desire for price protection offered them. Typical is the case of the electrical appliance dealers in Milwaukee. In this city the union of the store salesmen has signed up contracts with the individual retailers, requiring strict observance of the minimum prices set by fair trade manufacturers. Thus bartering fair trade against union recognition, the union campaigns for resale price maintenance, fines chiselers, and pickets recalcitrant dealers.

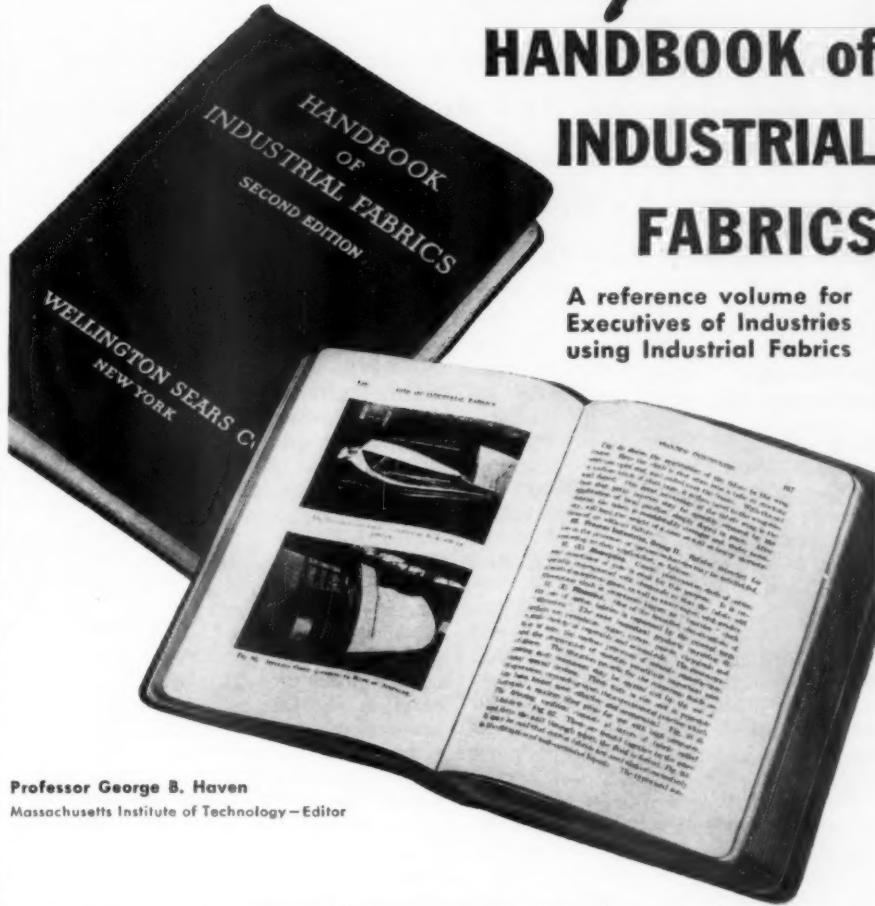
However high the feeling for fair trade among smaller business men, the movement has not yet overcome the public's deep-rooted aversion to price fixing. Consumer groups have openly supported the repeal of state and federal fair trade acts. But, after one year of national resale price maintenance, it appears unlikely that the repeal movement will reverse the fair trade course.

The store keepers of Main Street, once unorganized individuals, have now been inspired with the feeling of social affinity. Out of the strife for retail price legislation has emerged a united front of independent retailers. Thus, in one year, the fair trade movement has written an important chapter in American history.

# New Revised Edition Now Ready

## HANDBOOK of INDUSTRIAL FABRICS

A reference volume for  
Executives of Industries  
using Industrial Fabrics



Professor George B. Haven  
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The Revised Handbook of Industrial Fabrics will prove of particular interest and value to Executives of those industries which use industrial fabrics in manufacturing processes or in the fabrication of their products. Here in one handy volume is the only complete treatise on industrial fabrics that we know of. The first edition was adopted as a text book in textile courses in fourteen leading colleges and textile schools. This new edition contains 741 pages—hundreds of illustrations—the latest A. S. T. M. specifications for industrial fabrics, etc. A new chapter is added on use of the slide rule and nomographic charts.

Wellington Sears Company, the publisher, distributes the products of 17 modern cotton mills. These products include over 25,000 different cotton fabrics among which are: Numbered Duck, Army Duck, Single and Double Filling Duck; Wide sheeting, Twills, Drills and other cotton fabrics, standard or specification. Don't fail to send for your copy early. The edition is limited. You can have this valuable book for just \$2.

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# MEMO... for Busy Readers

**1 • City managers meet 2 • Stores lose on instalment sales 3 • Bees adopt modern travel 4 • More workers for the same jobs 5 • An old salesman in new dress 6 • Surgeons, like plumbers, have many tools 7 • Governmental pay rolls grow like mushrooms 8 • End of a utility career 9 • Measuring the color line**

## **City Manager Idea Grows Up**

AT BOSTON last month the city manager profession observed its twenty-fifth anniversary. Fathered by Richard S. Childs, New York City, although council-manager idea dates back to 1908, city managers have had an established organization since 1914, when eight from five states assembled in first convention at Springfield, Ohio.

Sumter, S. C., was first council-manager city. Two Ohio cities, Dayton and Springfield, followed in 1913. Since that year an average of 18 cities and counties annually have chosen the council-manager system now operating in 38 states. Idea has spread to 455 cities and counties, including approximately one in every five cities of more than 10,000 population. Thirteen cities adopted the plan in 1937 and four cities had approved it by September, 1938.

Early managerial problems concerned training of municipal employees, public relations, finance and public utilities. Current interests include: Relief and welfare plans; housing; city planning and zoning; retirement for municipal employees; and relations with employee organizations.

## **A Service at a Loss**

AVERAGE customer who pays a department store half of one per cent a month on his original unpaid balance to finance purchases on the instalment plan is paying less than half the cost of the service. Conclusion comes from the Credit Management Division of the National Retail Dry Goods Association.

Average store reporting to the division showed in 1937 an average deferred payment expense of \$27,897, and had an average income from carrying charges of only \$13,611, on an average instalment volume of \$784,713. All stores contributing figures on carrying charge income and deferred payment expense maintained the practically standard rate of half of one per cent a month on the original unpaid balance.

From the reports it was estimated that the cost of handling instalment business was approximately seven per

cent of the total sales of that type in the average store. Exact data for determining this figure is unavailable because of a lack of adequate deferred payment cost accounting methods which would include cost factors beyond those of direct credit office expense.

## **Bees in Cages by Express**

SHIPMENTS of live bees, forwarded from 47 points in seven states east of the Mississippi in April, May and June, grossed 423,284 pounds, or slightly in excess of 200 tons. This heavy movement of what are known as "package bees" accounted for increase of approximately seven per cent over the corresponding period last year, breeders paying nearly \$30,000 in transportation charges.

Forwarded in specially designed "cages," more than 2,000,000,000 bees were transported by railway express to apiaries and individuals engaged in honey production and marketing in the middle and northern sections of the United States and in several provinces of Canada. Alabama and Georgia led in number of forwarding points with Letohatchee, Ala., showing record production. Southern bees were consigned to 237 different destinations in 13 states, New York State leading with 84 and Pennsylvania following with 45. Of the southern bee crop sent to Canada, Ontario had the most widespread demand from its honey producers, orders coming from 97 different points in that province.

Increased express shipping of live bees is recognized in the industry as evidence of the solution of many complex problems involved in keeping mortality, ordinarily heavy from natural causes, to the minimum while in transit. Bees are shipped in two types of cages, containing two or three pounds each, with 4,500 to 5,500 bees to the pound. In the "combless cage," the bees are fed sugar syrup from a can suspended inside. In the "comb cage," they travel on the comb when taken from the hive. Cages are forwarded individually or in lots of three or four, held together with crating strips. Frequently a queen bee is shipped in a special compartment in the cage. Live

bees are not usually accepted for transportation to a destination which cannot be reached within six days.

## **New Labor Its Own Problem**

ANNUAL addition to the total labor force of about 621,000 persons would prevent solution of the unemployment problem even if employment levels were as high as in 1929.

In September, 1937, top month in employment since 1929, almost as many workers were on the pay rolls as before the depression, but the number of unemployed totaled 5,561,000 persons, more than ten times as many as in 1929.

If there had been no growth of the labor force between 1929 and 1937, the unemployment problem would be negligible. Actually, new workers continue to complicate the problem. In June, 1938, the labor force was almost half a million more numerous than in September, 1937, while nearly 5,000,000 fewer workers were employed. Of the total labor force one person in five is now unemployed.

Why does the labor force increase? asks the National Industrial Conference Board, and offers this answer: Immigrants, young people who arrive at working age, other young men and women who complete their formal education, and women who enter industry are among those constantly joining the ranks of workers. Emigration, death, retirement, physical disability and other causes cut down the labor force, but the inflow exceeds the outflow by more than 1,000,000 workers every two years.

## **Salesman on the R.F.D.**

FALL and winter edition of Sears, Roebuck general catalog will reach a total of 7,000,000 families, will scale 11,375 tons of paper, will require printers' ink in quantity that would fill two 60-foot swimming tanks, will issue from the bindery at rate of 720,000 a week.

Additional items essential to production include: 4,500 tons of wrapping paper at \$320,000; 500,000 pounds of jute twine at \$75,000; 500,000 pounds of jute tube rope at \$60,000; 30,000 pounds of cotton twine at \$8,500; 65,000,000 packeting bags at \$120,000; 75,000,000 notion bags at \$80,000; 6,000,000 shipping bags at \$15,000; and 2,000,000 corset shipping bags at \$10,000. Including all first class mail and all advertising material, Sears handles approximately 75,000,000 pieces of mail annually.

First catalog issued under the firm name was mailed in the panic year of 1893. It had 64 pages, six by nine inches. Merchandise lines included ten pages of jewelry and silverware advertising; seven pages of revolvers and guns; 14 pages of watches; four of furniture; five each of chains and charms and buggies; four of lamps and baby carriages; four each of sewing machines, clothing and shoes, harness and saddles; and one page of mantle clocks, musical instruments, dishes and bicycles.

Despite the hard times, this bold stroke worked. Sales shot up from \$259,831 to \$386,971, an increase of 42 per

# Yes...the brewers *do* mean business

AN EDITORIAL BY WILLIAM ALLEN WHITE . . .  
in the Emporia (Kan.) Daily Gazette

## BEER STATESMANSHIP

It has become obvious ever since the repeal of prohibition that the American brewers were determined not to make the mistake that the brewers made in pre-prohibition days. Then they tied up tightly with the distillers and beer was classed indiscriminately with liquor. The brewers are now trying to get away from the distillers, and a year ago they adopted an independent code, pledged themselves to "conduct their business in conformity with established laws and in co-operation with the authorities." Further, they pledged themselves to support "duly constituted authorities for the elimination of anti-social conditions" in the beer business. They pledged themselves to get behind the "great body of retailers who sell beer as law abiding citizens" and also to back up authorities in preventing "beer sales to minors or persons who have drunk to excess." The code aimed high.

It was obvious that Kansas is the one place in the United States where the United Brewers' Industrial Foundation, which was back

of the code, with offices in New York, could come and find a fertile field to try out the code. They sent a representative of the Foundation to Kansas. He went to work in a practical manner. He surveyed the beer business in the large counties of Kansas where, if anywhere, the code would crack. He went to the sheriffs and the county attorneys in these counties. He went to the Attorney General of Kansas and told the law enforcing officers everywhere that he wanted their help and he wanted to help them clean up questionable beer parlors, places where they sold beer to minors, to drunks, where they kept open after the hours set down by the local authorities, where the beer dealers permitted hard drinks to be sold or sold them, and in general, this agent of the brewers back of the code made a genuine and certainly an effective campaign in Kansas to weed out the bad practices which tend to grow up where hard illegal liquor mixes itself with the sale of beer.

The Gazette knows definitely two cases where evidence was furnished

by the Brewers' Foundation to close up certain whiskey joints. With the full co-operation of the local officers and the representatives of the Brewers' Foundation, public enforcement of the Kansas law controlling the sale of beer can be had. That co-operation should be given.

There is no reason why the beer business should not be conducted as any other commercial business—breakfast food, toothpaste, tenderized ham, packaged coffee or shoes. But it must get away and evidently is trying to get away from the stigma that always will rest upon hard liquor.

The representatives of the Brewers' Foundation in Kansas wrote to The Gazette:

"We stand ready to co-operate with Kansas officials in the enforcement of the law. We have laid before officials evidence of violations of the liquor laws and some definite results have been attained. We pledge our continued efforts."

This is not idle persiflage. Apparently the Brewers' Foundation means business.

*(from issue of April 15, 1938)*

## Here's what we promised:

*One pledge from The Brewers Code:* "We pledge our support to the duly constituted authorities for the elimination of anti-social conditions wherever they may surround the sale of beer to the consumer."

## Here's what we're doing:

As one example (and there are others): our investigators gathered evidence in Kansas that some retail outlets were using beer licenses as screens to sell bootleg liquor. The Attorney General cooperated, prosecuted and won. William Allen White, great American editor, then published the above editorial.

It's true . . . "anti-social conditions" exist in only a tiny fraction of the quarter-million places where beer is

sold. Even so, we cannot hope to "police" them . . . unless you too will cooperate.

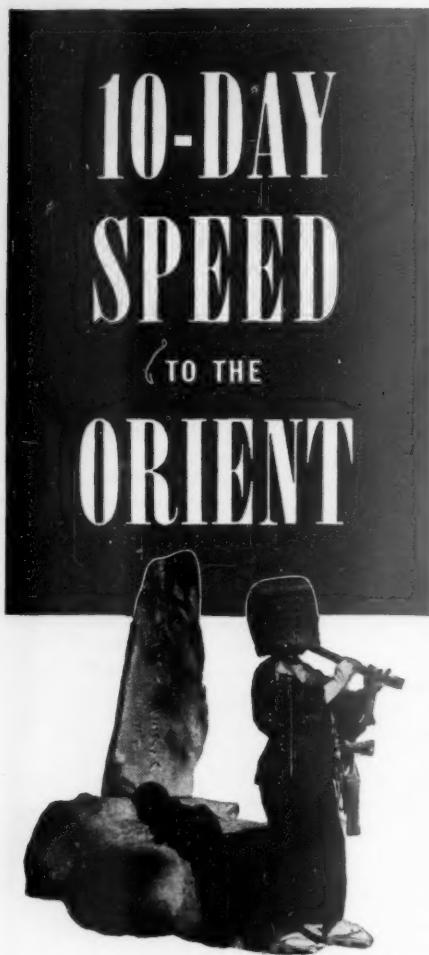
## Here's what You can do:

1. Follow up *your* local authorities. Just insist that they enforce *existing laws* against illegal sales of liquor, operation of illicit resorts, sales after hours, sales to minors, sales to persons who have drunk to excess.
2. Patronize only respectable retail outlets.
3. Show that you are behind us . . . buy only beer or ale made by Foundation members . . . identified in their advertising by the symbol shown here.

Do these things, and you help the bulwark of moderation . . . beer . . . and the public interest as well.



*Correspondence is invited with groups and individuals everywhere who are interested in the brewing industry and its responsibilities. Address: United Brewers Industrial Foundation, 21 East 40th Street, New York, N. Y.*



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cent over 1892 and of 636 per cent over 1891. Success assured that henceforth the mainspring of the company's business would be the catalog.

#### Surgery Takes Costly Tools

COST of surgical instruments and apparatus is figured by hospitals at rate for each bed for each year. A 100-bed hospital spends about \$5,000 a year for such items. A century ago a 100-bed hospital would have spent only \$25 in a similar outlay.

In 1759 a hospital in Liverpool, England, spent \$5.36 for surgical instruments. In Pennsylvania, in 1805, a large hospital in one year spent \$58.64.

Life of modern surgical instruments is short. They rarely last more than four years. Sometimes because of new developments and improvements they become obsolete almost as soon as they are purchased.

No matter how small a hospital is, asserts the Hospital Association of Pennsylvania, the institution scarcely can get along without an "arsenal" of from 2,000 to 3,000 instruments, each wrought by expert craftsmen. A few centuries ago a surgeon could carry his surgical kit in a bag. Today a truck would be required to transport the instruments a well equipped hospital puts at his disposal, and the number of "tools" it provides grows almost daily.

#### Public Jobs on the Rise

SINCE 1929, while total employment has varied with changes in business conditions, total government employment has risen steadily.

In June, 1938, approximately one person in every 16 was regularly employed by the federal Government, or by state or local governments.

Total employment in the United States reached peak in 1929, when government employment accounted for 2,070,000 persons. In June, 1938, when total employment figures showed 4,930,000 fewer workers than in 1929, government employment showed opposite tendency, rising to a new high of 2,590,000 employees, an increase of 25.1 per cent over 1929.

Employment of state and local government workers has more closely paralleled trends of general employment, reports the National Industrial Conference Board, even though state and local governments increased their pay rolls in recent months in contrast to the decline in total employment in the same period.

Regular federal employees, excluding emergency workers of the WPA and CCC which are not included in totals, have been more numerous every year since 1929.

Most rapid rise in regular federal employment figures has occurred since 1934. Total of regular federal employees, 1,194,000 in June, 1938, is 43.3 per cent over federal employment in 1929.

Rapid extension of federal authority in agriculture, manufacturing and all other fields of industry is reflected in the sharp rise in regular federal employment since 1933.

Increase in the regular federal pay rolls indicates both an extension and centralization of government authority as the trend.

#### An Empire Builder's End

FINAL chapter in collapse of a financial empire as disclosed by will of Samuel Insull, utilities titan of the prosperous 'Twenties. Of a personal fortune once estimated at \$100,000,000, only



"In a week you'll be feeling like a million dollars—minus local, county, state and federal taxes, of course."

\$1,000 in cash remained. Debts totaled about \$14,000,000.

When his complicated corporate fiscal structure crashed, creditors claimed \$16,000,000. To meet claims, Samuel Insull put in trust personal property and real estate valued at \$2,000,000, converted life insurance for benefit of persons owed.

Dead at 78 in Paris, he had lived to see his dream of a vast utilities network substantiated in services which reached into 37 states and Canada.

For 40 years he worked to raise the towering structure which at its zenith included 6,000 operating units, had 75,000 names on its pay rolls, listed 600,000 investors, boasted holdings valued at \$4,000,000,000.

Undermined by the depression, the huge enterprise faced drastic disintegration.

Its progenitor fled to Greece, to Turkey, was extradited on charges of mail fraud and violation of bankruptcy laws, was acquitted.

How far the wheel of fortune had turned is summed up in a statement made to a jury four years ago: "Gentlemen, I am penniless." Annual pension of \$21,000 provided by three of his companies stopped with his death. To the land of his nativity at Putney Vail Cemetery, London, is committed the body of Samuel Insull in a plain oak coffin.

#### No Color Line for Clerks

PROBLEM of finding jobs for negroes living in the Harlem district of New York

City moves toward solution by agreement between Uptown Chamber of Commerce, acting for white-owned stores, and Greater New York Coordinating Committee, representing more than 200 negro organizations. Provisions of the agreement:

Harlem white retailers pledge themselves to fill staff vacancies with negroes until a third of all white collar jobs are filled by negro workers.

Promise not to discriminate against negro clerks in promotions. Equal wages to be paid.

Storekeepers also promise to press non-cooperating labor unions to admit negroes to their membership; agree not to retaliate against negroes employed in stores outside Harlem or discriminate against them in enforced layoffs.

Preliminary survey showed that in 148 stores owned by white persons along 125th Street, there were 1,265 jobs, 373 of which, or approximately 29 per cent, were filled by negroes. These positions, however, include janitors and porters and other classifications not included in the agreement.

If the complete survey continues the trend shown in the preliminary figures, owners of stores will eventually have to replace nearly five per cent of their white employees in order to live up to the agreement, which calls for one-third of the "white collar" jobs to be filled by negroes.

White employees would not be discharged but would be replaced as they resign, are transferred or are discharged for cause. The one-third quota would result in jobs for about 3,000 negroes.

"Love at first sight!"..



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First cost of any typewriter is unimportant, compared with its operating cost. What you want is to *cut* operating costs...get more and faster production with less waste. Why not let an L C Smith prove its value to you? Free demonstration in your office...any time.

#### A "CASE RECORD" OF L C SMITH UPKEEP COSTS\*

Month	Labor	Parts	Total	No. of Machines Adjusted	Cost per Machine Adjusted	Av. Age of Machines Adjusted
Jan.	\$24.01	\$ 5.55	\$29.56	31	\$ .953	5.5
Feb.	32.39	13.62	46.01	50	.920	4.7
Mar.	30.38	20.96	51.34	42	1.22	6.7
Apr.	30.01	3.34	33.35	31	1.075	5.3
May	35.68	20.77	56.45	36	1.57	5.1
June	10.88	6.51	17.39	15	1.15	4.8
July	32.26	4.07	36.33	32	1.13	5.1
Aug.	47.26	13.00	60.26	52	1.16	5.3
Sept.	26.38	6.80	33.18	35	.95	4.1
Oct.	48.49	8.58	57.07	46	1.27	4.8
Nov.	35.25	5.77	41.02	40	1.26	4.4
Dec.	38.25	9.37	47.62	44	1.08	5.5
Totals	\$391.24	\$118.34	\$509.58	454	\$1.12 yr.	5.1 av.

\* This important customer, using many hundreds of typewriters, buys L C Smiths exclusively. Note that even on five-year-old machines (average), his repair costs, not for all machines but only for those serviced, averaged about nine cents per month!

#### THE NEW

*Super-Speed*

**LC SMITH**  
LC SMITH & CORONA TYPEWRITERS INC SYRACUSE N. Y.

## The Dog Star Puts a Tax on Recovery

(Continued from page 24)  
apply it against any net taxable income they may realize this year?

The A. M. Byers Company had dug down into its surplus or gone into debt to cover that \$330,800 loss. Why should it not be allowed to make the loss up out of earnings? Why should the tax collector stand idly by when business slides downhill and then jump on business' neck when it is merely trying to climb back to its original position?

A two-year loss carryover allowance would be better than the present law just as the present law is better than its predecessor. With business cycles what they are, a three-year loss carryover could be justified. And a five-year loss carryover allowance would be better still.

The English, although they are not always the income tax law paragons that we think they are, have an incomparably more generous loss carryover allowance for both corporations and private business operators. A loss may be carried forward for six years, being offset against income in those years until the loss is recouped tax-free. Furthermore, if all of the loss is not made up in the six years, a company may still carry forward indefinitely and deduct from taxable income that part of the loss which could not be recovered out of income in the six years because of depreciation charges.

The farther away the tax assessor gets from those 365 days, the farther

away he gets from Egyptian priestcraft and the closer he gets to reality. Any loss carryover from one year to another which is allowed corporations should be allowed similarly to the private business man, the fellow who runs the lumber yard or the garage or the bakery in your home town. Perhaps persons who have fixed incomes, like salaries or fees or investment income, and who have no losses—as distinguished from expenditures—to wipe out that income in whole or in part are the only persons who can be taxed equitably on a rigidly annual basis.

How helpful even a two-year loss carryover would be to business has been shown by a recent survey by the Chamber of Commerce of the United States. A representative group of companies were asked to estimate how much their taxes would have been reduced if they had been allowed to carry forward their losses two years. Of the 153 that replied, 98, or almost two out of every three, said their taxes were higher than they would have been if a two-year carryover were legal.

In other words, considering the period as a whole, they were paying taxes on income which was non-existent.

Most of the companies had sustained losses so heavy that their taxable income in the two years allowed for loss carryover would have been completely absorbed by the loss. Actually it had been absorbed. It had been nullified by prior year losses, but the tax law chose to

ignore the losses and tax the profits. As far as the companies were concerned, the period as a whole resulted in no real income but plenty of income taxes.

While more than half of the 98 companies would have had practically no income on which to pay taxes if the two-year carryover for losses had been allowed, the rest of them would have paid less taxes by from one to 90 per cent. They, too, in a part of the period were paying taxes on non-existent income, considering the period as a whole.

Hudson Motor Car Company, although neither it nor any other company cited here was among those answering the questionnaire, illustrates their plight.

If you overlook the artificial 365-day partitions which the tax collector puts into the company's profit and loss statement, the Hudson Motor Car Company earned about \$1,400,000 net between January 1, 1934, and December 31, 1936. That is approximately what its taxable income would have been if a two-year loss carryover provision had been effective since 1934. Actually its taxable income, because there was no loss carryover, exceeded \$4,160,000. The company lost \$3,200,000 in 1934 and netted about \$4,666,000 in the next two years.

### Income is exaggerated

TAXING of non-existent income is an abuse which sprouts from other causes beside the failure to allow operating loss offsets. Taxable income is a legal figment. It usually has no complete existence in dollars and cents. Even within the span of one year, let alone over the span of its life, a company more often than not has less income than the tax assessor says it has. Items which the tax law regards as income frequently are not income at all in the sense that the company has that money and can spend it or save it at will; sometimes the money is not even there.

The Chamber of Commerce survey showed that, of 138 companies, 101 had less income in a single year than the tax laws said they had. The artificial income by which their taxes were measured was anywhere from one to 800 per cent in excess of their income as shown on their books. Seventy-nine of these 101 companies, or almost eight out of ten, said their fictitious taxable income exceeded their book income by amounts ranging up to 30 per cent.

A number of reasons accounted for these discrepancies. The largest group of them arose from the fact that the companies had to deduct from their actual income charges for depreciation which the Government refused to allow as deductions from taxable income. Refusal to recognize losses on capital assets and other losses, refusal to admit the need for reserves, or refusal to let the loss of one subsidiary be offset against the profit of another were other ways in which the tax collector, according to the companies, made them pay



"The wife's idea—I was giving these bums too many nickels for coffee."

# \$1,000 REWARD!

FOR THE APPREHENSION AND CONVICTION OF THE  
BUSINESSMAN WHO WANTS FEWER CUSTOMERS,  
FEWER THINGS MADE AND SOLD, AND FEWER  
WORKERS ON HIS PAY ROLL.

WE HAVE heard over and over again  
that there is such a man—

We are looking for him. Do you know him?—

A fellow who'd rather fire a man than hire  
one—

Who'd rather see his business slump than gain.

How absurd!

Ask yourself why he is  
in business.

Do you know a single busi-  
nessman whose ambition  
is not to grow, to get on  
and up in the world?

He can't grow without  
sharing his growth with  
others, without hiring  
more helpers, without mak-  
ing or distributing more  
goods to people who want  
them, *all of which means  
more jobs.*

Even if he is as selfish as he  
is sometimes pictured, his  
ideas as to how he can in-  
crease his business activity are important to all of us.  
*His counsel should be valuable.*

What does he say?

We recently asked 200,000 of the two million  
owner-managers of business what, in their judgment,

prevented them from adding more men to the pay  
roll. Almost without exception all said, in effect:  
"Our customers are paying, in hidden and direct  
taxes, what they ought to be spending for goods."\*

Nearly one-third of the in-  
come of all of us now goes  
to the cost of Government.  
Only one dollar out of six  
is spent for relief, con-  
trary to the general impres-  
sion. Too little is left  
today for the expansion  
of old industries and the  
development of new,  
from which springs em-  
ployment.

What helps business helps  
to make more jobs.



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Photograph by Anton Bruehl

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Your letterhead broadcasts *you* in every letter you write. It registers your reputation. Yet when you write a letter on STRATHMORE BOND it costs less than 1% more than the same letter written on the cheapest paper you might buy. And on STRATHMORE PARCHMENT, as fine a paper as can be made, it costs only 2.9% more. At so little difference in cost, such extra effectiveness is true economy.

\* \* \*

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**OF FINE**  
**PAPERS**

taxes on more "income" than they actually realized.

Questions of depreciation allowances, of creation of reserve funds and of consolidation of subsidiaries' income are technical questions the right and wrong of which lawyers, engineers and social philosophers can argue all night. They are the rules by which the income tax game is played. Too often they turn the income tax into a capital levy.

But, if you play the game according to the rules and still come out with a loss in one year, why shouldn't you get some allowance for that loss, computed under the Government's own rules, against earnings you may have later? Why shouldn't Aviation Corporation be allowed to offset the \$432,422 which it lost in 1935 against the \$104,016 income it realized in 1936 and also against any income, up to \$328,406, which it realized in 1937? We are back to our old question of a loss carryover allowance. You can argue book income *vs.* taxable income, the justification for depreciation deductions, the validity of reserve accounts until you are blue in the face, and, when you are through, not one iota will have been subtracted from the undeniable fairness of a generous loss carryover provision.

### A help to everybody

ECONOMICALLY it has every justification in the world. It would encourage new enterprise, and President Roosevelt said at Arthurdale, W. Va., that he would like to have tax laws which encourage new enterprise. It would help struggling companies that are trying to get back on their feet. It would encourage rehabilitation. And, most dear to the hearts of the New Dealers, it would be a boon to reemployment.

The new company which starts out making money in its first year is as rare as human genius. Ordinary men would be more willing to risk the losses in a company's early years if they knew that they could make up these losses without tax interference when the red ink fades into black.

Suppose I put up to you the proposition of starting a paper box factory in your home town. We think we have a pretty good paper box, but it will take time to win its way into markets where other box companies are already doing all the business. We have \$50,000 of capital and paid-in surplus which we scraped together ourselves, but we figure that we may lose \$25,000 the first year and \$10,000 the second year while we are bucking our way into the market.

How soon can we expect to get our original investment back? It's a cinch we will get it back faster if, for tax purposes, we can offset our losses against our first profits—faster than we would if the tax collector starts nicking us as soon as we get our heads above water. If we make \$10,000 in our third year and \$25,000 in the fourth year and if the law allows us a two-year carryover for our previous losses, we will have most of our investment back at the end of the fourth year. If we get no loss carryover and have to start paying income taxes as soon as we emerge from the red ink bottle, we will spend a large part of the

fifth year trying to get even because of what the tax collector took away from us in the third and fourth years.

You or I or any sensible man would be a good deal more willing to risk opening that paper box factory if he could see his way clear to recouping his original losses in four years instead of taking that risk for a fifth year, too.

A loss carryover provision in the income tax law is just as good a restorative for wobbly businesses as it is a stimulant for new businesses. Take a lumber yard that couldn't make both ends meet in all those years when nobody built as much as a henhouse. The lumber company comes out of the lean period into the comparative ease of 1936 in debt as a result of the long string of red figures across its books. It has a note coming due at the end of 1937.

#### Taxes determine state of business

WHETHER the lumber yard is able in the fat parts of 1936 and 1937 to clear enough to meet the note or to convince the banker that a renewal is good business may be determined by whether the tax laws recognize through a loss carryover allowance that those 1936-37 profits are in fact nullified by the prior year losses which the maturing note represents. If the tax laws do recognize this reality, they will include a generous loss carryover provision. If they do not, the lumber yard will have to pay to the Government at least 16 per cent of the earnings which it needs to meet the note.

A company that was fortunate enough to go through the lean years making up its losses out of its own accumulated surplus and not going into debt is an equally good argument for a more ample loss carryover allowance. A dry goods company, for instance, worries along on its own funds losing \$10,000 in its worst year without going into debt, but meanwhile its building begins to look shabby, its elevators wheeze and its trucks show the firm's distress.

Then the next two years bring better times and \$5,000 of net profits in each year. Foregoing the restoration of its depleted working capital, the company wants to repaint its building, perhaps air condition it, pep up those elevators or buy some shiny new trucks that will proclaim the company's rejuvenation. If the tax law allows a two-year loss carryover, the full \$10,000 netted in the two good years can be spent. If there is no loss carryover allowance, the company has only \$8,750 left after paying its income taxes, and \$1,250 worth of labor and machinery finds no market.

Encouraging a company to rehabilitate its plant out of earnings, helping a reviving company to escape bankruptcy, encouraging us to open our paper box factory are all laudable activities. And extension of the operating loss carryover allowance now in existing tax law is one of the cheapest ways of helping business. Cheap because, although companies and private operators will pay less tax as they come out of a slump, they will come out faster, making tax revenues eventually rise faster.

Any way you look at it, denial of a still more generous loss carryover allowance is a tax on recovery.



#### ... "They call it the 'Omni'"

"Its proper name is the Model J Postage Meter and Machine—made by Pitney-Bowes. But most people call it the 'Omni'—because it does everything."

Letters automatically fed into it come out sealed, with a meter-stamp, a postmark and an advertising slogan imprinted on the envelopes—ready for the postoffice. It handles envelopes up to 9x12 inches, and up to three-eighths inch in thickness. Sealing and stamping can be done simultaneously—or separately.

\* \* \*

WHEN you come to parcel post, the Omni shines! Shift a lever—and the postage comes out printed on gummed tape for parcel post packages or bulky envelopes. The tape is delivered dry or moist.

The levers shift to any denomination of postage required; from one-half cent to \$9.99 in one model (capacity to \$9,999.99 in postage), and from 1¢ to \$99.99 in another model (capacity to \$99,999.99 in postage). Some machine!

The Meter prints any amount required in one meter stamp.

The Omni takes the place of the old-fashioned stamps that somebody has to watch, because somebody can lose or steal them.

The postoffice sets the Postage Meter upon payment for postage.

Nobody can steal the postage when it is in the Meter.

The windows in the Meter show the amount of postage available, the amount used, the number of pieces mailed. Postage accounting is a cinch, and postage control is positive.

Metered Mail, too, gets a better break in the postoffice—need not be faced, cancelled, postmarked—gets away faster, makes earlier trains.

\* \* \*

SMART mailroom managers and shipping clerks want the Omni the minute they see it.

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**PITNEY BOWES**

Branches in principal cities

Consult your telephone directory

## How to Beat the Communists

(Continued from page 32)

commonly make. There are among us a good many people who by training, taste, inclination or vocation see much of the poor, underprivileged, and the sick. These are ministers and priests, social workers, Y.M.C.A. leaders, doctors, nurses, teachers and professors.

They see the effect of the slum. They know what the sweatshop does to body and soul. Their indignation rises at the practices of some of the worst of us. Then these men and women who know the seamy side of life point out these evils and struggle to find some way to improve conditions.

Some are wise and advocate gentle and gradual improvement. Some are in a hurry and urge quick reform. You and I are likely to think that they are Communists. But whenever we do this we had better back up and think. *They are not the Communists.*

The Communists get a lot of pleasure out of our mistake. The Communists are glad to see us attack them, hamper them, persecute them. Because in a way these zealots are the worst enemy of Communism. If we could clear up the worst of the slums and help that part of the population which is in genuine distress we should have removed the most likely converts to Communism.

### Free speech is necessary

YOU have a second condition favorable to Communism when people dare not speak their minds. Let the right of assembly become abridged and sympathy follows the supposedly injured party. If an idea is so subversive that it cannot be talked about openly, how alluring is it likely to be when it is heard in a whisper. When you cannot meet in the open, you conspire in the cellar. Then you hear only one side, and you may be willing to die for a belief which, because it has never been effectively opposed, may be half-formed and ill-considered.

Ideas expressed openly are, of course, subject to the law of treason, slander, or morality. The people of the United States would not approve and adopt the Constitution until it was explicitly stated that the rights of "freedom of speech, or of the press; or the right of the people peaceably to assemble" should not be abridged; and, so far as fighting Communism is concerned, I think they are right. Nothing wins the Communists more converts than violation of these rights.

But what the Communist is most afraid of is education. I do not mean any kind of education, because you will naturally think at once of this Communist who is a college graduate, that Communist who is a Doctor of Philosophy, groups of college students who support and uphold Communism. Conversely, you can know many an illiterate who holds to the American Way.

There will always be impractical in-

tellectuals who look to the speedometer, not to the brakes. But Communism cannot flourish where all, or almost all, the people know a good deal about history, political science, and sociology.

The fallacy in Communism is not in the ultimate goals which they borrow—peace, prosperity, social justice and human brotherhood—but in their plans for realizing these goals. The person who knows history and political science and economics knows that these plans have been tried repeatedly, and failed.

The same plans, and much the same tactics, failed in France in 1789. They failed again in 1848. They failed in Germany since the War, they failed in Hungary, they failed in Spain, they failed in Russia itself.

The person who is educated in the manner I describe learns to take a long look at the world. He sees the age-old aspirations of man for prosperity and well-being, for liberty of conscience, speech, property, freedom to earn and to spend, for equality before the law, and an equal opportunity for youth. He has watched the gradual development of these ideals, now advancing, now retreating, now advancing again. He knows how the Fathers of our Country by compromise and adjustment devised a new form of government and a new form of relationship between man and man. Of course it was not perfect.

The idea was to build a little at a time in the hope that what they had done would persist. The educated person knows that social changes come slowly. If you are in a hurry, as in Germany from 1919 to 1933, or in Spain, there is revolution and reaction. If you try dictatorship, as in Nazi Germany or Italy or Soviet Russia, of course everybody has work but then you are only a *serf*. The educated man moves slowly but steadily and persistently.

So, to hit Communism at its weakest point, you must have education. You cannot fight an idea by banishing it. The only way you can fight an idea is by meeting it with another idea; and the only way you can meet it with another idea is by proper education.

It is most fortunate for us that most of our children have a chance to go to school. It is fortunate that most of them can finish the high school course. Let us make sure that these boys and girls have a chance for a good education for modern times, especially in the fields of government and social life.

It does not make much difference to me as an American what sort of Latin or spelling or algebra they study, but I hope that they will learn what democracy is and why we have it; what life was like when our ancestors lived under tyranny; what these liberties are that we prize; what these rights are that we must maintain; and what our corresponding duties must be.

Let these boys and girls hear of the theories of social improvement. Let them know what Communism and Fas-

cism think they are. Let them go right down to the bottom.

De Witt Clinton, who built the school system of the State of New York, had it right when he said that its schools were the "Palladium of our freedom . . . the bulwark of our liberties." Since his time these schools have grown in power and confidence. Every child has his chance. Throughout the country we have strong and competent State Boards of Education. Our school-board members are able and competent. We have a grand force of teachers. Hold up their hands. Give them encouragement. Protect them from the narrow-minded zealot who would hamper them. That's the way to cut down the Communist.

### Seek the world of ideas

THERE is, however, one additional consideration. Communism, I am convinced, can flourish only when the soul of a people is dead. The wisest men from the time of the Greeks have sensed that we really live in two worlds, the world of sticks and stones, and the world of the intellect, the world of the spirit.

There is one world, a dog's world, a world of bones and kennels and chains and muzzles, and hunts and fights; and there is a man's world, a world of ideas, of beauty, of thought. The one is base, the other good. In one, men are slaves, in the other they are free. In one, there are oppressed and oppressors, in the other, all are equal. There is a land of the slave and there is a land of the free, and the passport to this happy land is a liberal education and a belief in power beyond one's self.

I hope for a world with bigger bones and better kennels, but I despair if that is all men want. Our people will perish unless we reincorporate in our life the statement made 150 years ago in our Northwest Ordinance, "religion, knowledge and morality, being necessary to the welfare of mankind, schools and the means of education should forever be encouraged."

This accomplished, in this spirit, by the schools and by all other means of education—colleges, churches, clubs, organizations, museums, libraries, theater and the press—we shall have a happy people. We shall never be Communists.

How shall we beat Communism? Relieve poverty and distress. Stand up for the rights of meeting and assembly and freedom of speech, particularly when you do not agree. Support the schools and foster in every way the study of history, government, and social life. Above all, support a liberal education, an education for men, not dogs. This should be the American program. It will cause the most of discomfort to our enemies; it will do the most to perpetuate and preserve the form of government and the kind of life which the Fathers of our Country willed to us and to which they were confident we would give our last full measure of devotion.



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## When the Taxpayers Organize

(Continued from page 16)  
officials, assisting them in the job of raising and spending the public money. No taxpayers' organization can afford to predicate its existence upon a continued pitched battle with government officials. It must show by facts and figures where the people's interests lie.

Then it must firmly insist that officials follow that direction.

Will they do it? Yes! We have proved that public servants worth the people's confidence will go along with it.

With such an organization, and with such general policies, the Omaha group felt free to strike boldly into certain tax problems. I shall outline briefly just a few of our activities showing how one such association functioned in the rather bad years after early 1932. Such accomplishments might serve as suggestions for other cities and states.

### A typical program

ONE of our first big tasks was to reduce those high assessments. Our executive committee met with the assessing board and pointed out how and why the assessments on real estate were on "stilts." We insisted upon a 15 per cent reduction—and got it.

The movement spread to the state, with the result that a state-wide reduction of 15 per cent of assessed valuations was put into effect. The legislature of 1933 made an additional reduction of

in that? Our association proposed a referendum to amend the city charter to allow the issuing of general obligation bonds only upon majority vote of the people.

The citizens agreed overwhelmingly. Since that day in the spring of 1932, not an additional bond has been voted! Improvements in buildings, sewers, parks and the like have been paid for out of current funds. The city's bonded debt has been reduced \$5,000,000. In addition, special assessments have been reduced \$1,374,000. The bonded debt of the county has been reduced in the same period by \$1,700,000, and the school districts by \$695,500.

In this connection it should be said that Omaha has, in Mayor Dan B. Butler, a man thoroughly experienced in municipal finance, who has consistently stood with the association for a sound financial policy.

As have citizens in other cities and subdivisions that have tried it out, the people of Omaha and Douglas County have become closely wedded to the principle of pay as you go. They have become increasingly conscious of the fact that expenditures have to be paid from taxes, not borrowings; that when you bond a district, a community, or a state, it is just the same as carrying all the property of the citizens affected down to the bank and putting a mortgage on it; that, although most improvements are splendid in the ideal, they ought



8,500 miles of improved roads, built without going into debt, show that efficiency, rather than penury, was the goal

15 per cent in cities and 17 per cent on farm lands. In 1934, increasing levies in Omaha absorbed roughly half of the 30 per cent reduction for the city. But the net lowering of valuations made necessary the operation of city and state governments at a greatly reduced cost.

Next for that huge bonded debt. Municipal bonds were piling up at the rate of \$660,000 a year. Why not let the people—the taxpayers—have some say

never to be made unless they are to fill a real public need and unless provision is made to pay for them without undue hardship.

The fact that no bonds have been issued in the past seven years and that the total of bonds outstanding is being continually reduced accounts to a great extent for the present reasonable property levy in Omaha. The city and county are paying approximately \$316,000

a year less interest on bonded debt than in 1932.

Let me emphasize again that the association was interested in the collection of taxes justly levied. Many persons who were able to pay taxes were needlessly delinquent. Others found their annual payments a heavy burden. The association sponsored a measure before the legislature of 1933 for the semi-annual payment of both personal and real taxes.

Collection of current taxes increased, and has increased about two per cent a year for the past four years and now stands at about 89 per cent.

#### Better tax collection

ANOTHER measure sponsored was the deduction of delinquent taxes from the pay of public employees and those who sold supplies to the government. Still another was the reduction of mileage fees, fees of witnesses and jurors, and costs of feeding county prisoners. Another was a law requiring payment of the general property tax on an automobile or truck before a license was issued.

We made a survey of personal taxes. We found that about 45 per cent of the accounts in Douglas County were delinquent through failure to enforce the law for their collection. This fact was given wide publicity, and the officials began enforcing the law.

We made several excursions into that dread land of improvement in county and local governments. It can be done! Under leadership of the Nebraska Federation of County Taxpayers' Leagues, we sponsored legislation in the 1937 session providing for strict budget laws in the counties and a system of uniform accounting. Under the budget law, expenditures and income must be in balance, with severe penalties—fines and removal from office—for expenditures exceeding appropriations. Officials and their bondsmen are liable for any excess expenditures and the county or any taxpayer may bring suit on behalf of the county. Strict accountability! Why not? It's the people's money—not the "Government's."

These and many other savings eased the burden of the taxpayer appreciably.

#### Arguments for more taxes

WHEN the federal spending program began, strong pressure was brought upon the legislature to join the procession and increase taxes. The Nebraska constitution forbids bonding the state, and some suggested abolishing that provision and borrowing for all sorts of purposes.

Others pleaded for a sales tax. Just a small sales tax, "that could be increased later on." Or an income tax. The usual arguments were brought forth. More money for the social security program, old-age pensions, work relief, highways, big building program.

Against these new forms of taxes and against unnecessary increases in our existing levies, the association set itself squarely. This was also the policy and position of the Nebraska Federation of County Taxpayers' Leagues which, under the leadership of Frank G. Arnold, has been a potent factor in the passage



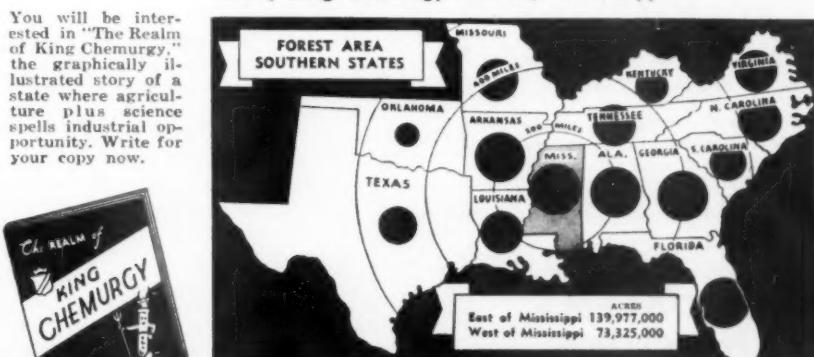
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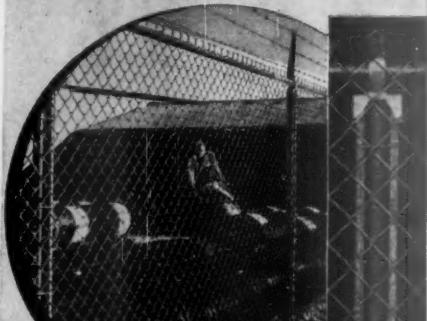
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of constructive legislation and control of public expenditures, as well as a strong force in the education of the people on taxation.

Governor Robert L. Cochran was chief executive during those years. He proved that a sane, progressive public welfare system could be adopted without huge increases in costs. Every proposal for increase in taxes since 1933 has been defeated, except a one-cent increase in the gasoline tax for roads and for relief, an increase in the poll tax and a permissive increase in property levy for counties not to exceed one mill for local relief.

Our state has received its share of the taxpayers' money granted from the federal treasury for relief and all other forms of public welfare. Four years out of the past five were comparatively poor crop years and, since Nebraska is primarily an agricultural state, the assistance of federal appropriations has been needed and appreciated. But our association held firm to the belief that this does not lessen the need for wise expenditures in local and state governments.

The association has carried on a continuous program of public information and instruction on taxation and the public business.

### Spreading tax information

THROUGH the newspapers, the radio stations and from public forums, the association makes its influence felt. We employed an expert accountant the day we started business and he works every day upon the books of the various divisions of government. His figures and their analyses are published regularly.

Public officials of our city and of Nebraska would not think of opposing the voice of the taxpayers when that voice is clearly expressed by a group working unselfishly in the public interest for economy and business efficiency in government.

On the other hand, the association would not think of showing anything but a friendly and cooperative attitude toward officials.

We realize the terrific pressure brought upon them by self-interest and "minority" groups, and that public officials welcome the antidote of strong support by those interested in the welfare of all the people.

Every day brings new problems and new projects on behalf of the taxpayer. In keeping with the policy of helping maintain an even flow of tax money, the association is backing this year a delinquent-tax collection campaign in Omaha. To give proper zest to the paying of delinquent taxes, a law was passed cancelling penalties and interest on all delinquent taxes up to March 19, 1937, if paid before December 31 of this year.

We discovered from the county treasurer's office that a total of \$4,253,889 real and personal taxes were delinquent in Omaha for the period from 1931 to 1937. That money would assist materially in maintaining the budget for schools, clearing the city and county obligations and reducing the interest charges on all taxpayers.

"Square your tax account now!" is emblazoned from billboards, on posters in business windows, in street cars. The people have caught the spirit of the campaign. Employers are helping by lending or advancing the amounts for delinquent taxes of their employees. One firm was astonished to find that its employees owed a total of \$9,000 in delinquent personal taxes alone. Tax receipts will run \$1,000,000 ahead for the year.

These accomplishments are mentioned merely as examples of problems in taxation that have beset every city and state in the past decade. What of the future? In most units of government these problems still persist. And they are soon to be aggravated by enormously increased difficulties.

### Taxes grow more important

CONSIDER the seriousness of these facts:

In 1913 one dollar out of 15 of the national income was taken in the form of taxes. In 1930 one dollar out of seven was required. Today taxes are taking close to 25 per cent of our national income. The cost of all units of government per family last year was \$497 of which each family paid \$362 in taxes. Most of the balance was charged to its future account. The federal debt alone is nearly \$1,100 a family. We are in a circle of mounting governmental costs which daily brings us nearer a breakdown in public finance and the moral fiber of our people.

Vast numbers of people in recent years have lost their determination to earn their own living. The "Government," they feel, owes them that living.

Funds needed for local government are being depleted by federal taxes to an extent as yet realized by few. State and local governments are following the federal lead, searching for new sources of taxes to meet expanding costs rather than attempting to analyze present costs and find savings.

Minority groups seeking additional funds are vocal and well organized. They know what they want and have plans to get it.

This will continue until the people themselves take a patriotic view of the matter, realizing that every dollar from the public treasury is a dollar from the public pocket.

Ours is a system of private profit with employment dependent upon a sound structure in private trade and industry. Governmental competition destroys the confidence so necessary for investment of private capital and, therefore, becomes a definite brake upon recovery.

Present conditions have come about despite the fact that the general body of taxpayers are in the majority. A history of the nations of the past tells us what to expect unless that majority has the will and determination to take its own public business in hand.

It can be done. We of Omaha and Nebraska have proved that an independent, non-political organization, administered vigorously in the public interest, can exercise a distinct control over the public business.

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*Yes, See America* for what it really is... better than a promised land.

To our forefathers it was just a plain land of promise with no trimmings. The merciless frontier drove hard bargains . . . demanded privations and daring in exchange for day-to-day existence. But they were thankful and confident.

Today vast oceans still guard our freedom. We have the Earth's greatest storehouse of natural resources. Comforts and conveniences abound. Best of all, we see every promise of a future more generous still. For America? Yes! But especially for all those with the spirit of America's pioneers.

*Live Life... Every golden minute of it  
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**Our Employees Went on Strike**

(Continued from page 69)  
 were no longer the faults and therefore well beloved members of our little family. They were immature men, with terrifying possibilities of estrangement from the management. We spoke of it openly!

From this time on we have those who give orders and those who take them . . . we have supervisors and employees. You are the employees who take the orders. When you persist in disobeying or neglecting orders . . . you will be out! No union contract will guarantee you employment under those circumstances.

They returned to their duties.

The sunshine is bright today. Automobiles, street-cars and pedestrians pass by our station without looking up. There are no hooting sirens, no foul cat-calls, no murderous glances. "Business as usual!" Because today the union is getting ready somewhere else . . . is planning another siege of intimidation and misunderstanding.

**A problem for every one**

DO THEY want the small business man to fail? Do they want all small businesses in the hands of the Government . . . and all big businesses? Do they want eventually to hold power so that at the drop of a hat they can picket . . . not a business . . . but a CITY? Would that be civil warfare? We cannot answer those questions. We offer them all to you. They belong to you to answer . . . just as strongly as they belong to us.

And we say, lest we be misunderstood, that we are for labor, for higher wages, shorter hours, and have no objections to the organizing of our employees. It is only the method we denounce. There must be something done about it by the union leaders themselves! It is their problem, too, if they would insure their own jobs.

NOTE: We were never approached by the union officials in a spirit of helpful cooperation or mutual faith. By the time negotiations commenced, both union officials and union employees were filled with suspicion of our intentions, and our statements as to our financial standing were not only flouted but openly termed "Lies" by the union officials. No amount of documentary evidence would convince them or indeed persuade them to study and see for themselves!

We had been a small and struggling institution, paying low wages, but a very happy one. A family spirit had characterized our business ventures together as employer and employees. The stockholders had never received a penny of return on their investment, and all income had been turned back in payrolls and purchases for the station, upon which the employees could earn further money, or more business could be sold, upon which the salesmen would profit most, and first. But with union officials leading employees the family spirit goes out of the window.

Perhaps some rules of the Wagner Act make it "impractical" for a real shoulder-to-shoulder spirit to be present in negotiation. Perhaps it is more successful to get "tough" with the employer at once.

But in a business like ours, where we manufacture not tangible objects, but air, and when that air marked off by the minutes on the clock goes by, and unsold, our loss is entire. When commercialization does not take place that time is lost forever. And in this business where good will is a major asset, it seems a strange travesty that this major asset should have been dissipated by misrepresentation of the company's intentions, of its integrity, and by subversion of the employees until their attitude was one of mistrust instead of industry and enthusiasm. The union officials were responsible for this dissipation which should never have occurred, and which meant that the company lost business which would have increased the payroll of every station employee. Our minds were disturbed, our energies dissipated and our enthusiasm blighted.

Somehow, union officials or the federal government or the National Labor Relations Board, or all of them, must find a way of effecting union contracts with employers while conserving every possible dollar for the company, which means also the employees. That is the duty of union officials if they truly represent union employees, for whenever they dissipate money, sales, business, or good will of the company, whether thru their own agents or thru the acts of unionized employees of that company they are doing a great wrong against the public and particularly against the union employees they are sworn to represent!

**Shake Hands with  
 Our Contributors**

ANY REMINDER of taxes is almost certain to make most of us feel unpleasant—whether it is a long, complicated, printed form on which the tax collector expects us to tell him most of the intimate secrets concerning our worldly possessions or whether it is a slashing bit of prose reminding us that our tax bill seems to be getting more preposterous. But this month readers of NATION'S BUSINESS get a chance to cheer for lower taxes—here is the example of a community that has held down its tax bill by a formula that can be applied almost anywhere.

Walter L. Pierpoint, president of the Association of Omaha Taxpayers and a leading figure in the application of this formula, tells how it can be done. Take heart, readers! Perhaps you can dig up a Pierpoint in your neighborhood.

And to give you a reminder of where a good start can be made on the matter of revamping tax schedules, **Eugene S. Duffield**, Washington correspondent of the *Wall Street Journal*, points to the need for a more generous loss carryover allowance in the interest of recovery.

**Harold Bergen** is an industrial relations consultant with McKinsey, Wellington and Company. He has served as personnel director with several large industrial concerns including Procter and Gamble and H. L. Doherty Company.

**William F. Russell** is Dean of Teachers College, Columbia University.

**Jo Chamberlin** is a professional writer who was commissioned by NATION'S BUSINESS to tell its readers something of the business intricacies that are involved in the production of a high grade moving picture.

**Leicester K. Davis** is a writer and photographer who has studied more than 30,000 hands. After his first article on hands appeared six years ago it was assigned as the subject for a graduation thesis of a western university and he was offered a contract from a national advertiser who wanted him to go on the air.

**Paul W. Kearney** has been writing about fires and fire prevention for a lifetime. A year ago he was made an honorary member of the Fire Chiefs' Association in recognition of his work in behalf of fire prevention.

**Reinhold Wolff** is editor of the *Trade Regulation Review*, a merchandising counselor and an instructor in marketing at New York University. He has practiced law in Germany where he was connected with the trade association movement.

#### Coming Next Month:

A FIRST hand observation of the Matanuska project in Alaska where a group of destitute American citizens and their families were transplanted by the Government in 1935. Their own direct quotations will be given to back up the observer's estimate of their situation.

Is industry decentralizing or simply moving from one area to another? What effect has concentration of industry had on our social system? Are industrialists eager to move out to the wide and open spaces? These questions and their effect on the development of industrial progress will be discussed by George C. Smith, a pioneer student of American industrial migration.

The New England Council has made a unique record in its efforts to boost New England's cash income through planning, research and the merchandising of ideas. It will meet for its fourteenth anniversary in November and Oliver McKee, Jr. will tell something of the history of this organization that has demonstrated how regional rather than sectional cooperation can be made effective.



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**A. "Yes—we know from actual experience that every article shipped is in first class shape when it reaches the dealer—ready for immediate display."**

**Q. "Can all types of merchandise be protected with KIMPAC?"**

**A. "Yes. KIMPAC comes in rolls, sheets and pads in a wide range of sizes for shipping anything, from easily broken toiletry articles to bulky furniture."**

**Q. "Does KIMPAC save time in the shipping room?"**

**A. "It does save time in the shipping room, because it's as easy to use as a piece of string. There's no fuss, no muss, no waste with KIMPAC."**

## New Fashions in Personnel Relations

(Continued from page 19)

jected at the lowest level of supervision. It must start with the top executives. This principle is recognized in the executive and foreman training programs of a number of companies such as Eastman Kodak and Socony-Vacuum. Their personnel departments assist the line executives in planning this training and in preparing training material.

Likewise, increasing wage costs due to the rapid rise in wages from 1934 to 1937 and the present pressure to decrease all operating costs have aroused the interest of personnel departments in the possibilities of cost reduction through better job training of semi-skilled and unskilled workers. The Kearny works of Western Electric provides an example. Employers are recognizing the inefficiency of and waste in the "pick-up" method of training production employees. More attention is being given also to apprentice training.

Coming up fast is another type of training project—the education of employees in company information and economic fundamentals. Foremen and higher executives are frequently given this background training so that they will be equipped to answer questions from employees. The B. F. Goodrich Company has pioneered in this field. Such companies as Monsanto Chemical, Jewel Tea, Caterpillar Tractor, Johns-Manville, and Westinghouse are making annual reports to job-holders.

Personnel departments frequently find occasion, too, to participate in matters of public relations. The efforts of some public relations men in the past few years have been futile, or have produced boomerangs, partly because of their inexperience in industrial relations and partly because of the disorderly employee-relations-houses of their employers. Today, co-operation between the personnel man and the public relations man is steadily increasing; in some companies, such as United States Rubber, public relations are definitely under the direction of the personnel chief.

Social security legislation has focused attention on problems of insecurity—old age, unemployment, disability, and death. Interest in company plans for employee security is increasing rather than diminishing. Retirement annuity plans, for example, are being revised to provide benefits supplemental to the government scheme. Few pension plans have been dropped entirely. The development and operation of such plans and the handling of problems of state unemployment compensation and workmen's compensation have become im-

portant personnel department activities.

Health and safety, especially medical service, are receiving their share of attention in personnel programs. The rapid development of new chemical processes and the broadening of occupational disease legislation have increased employers' interest in industrial medicine.

### Health can be improved

PREVENTIVE medicine has proven cheaper than emergency service. Periodic examinations and close follow-up on all cases have reduced time lost due to illness, workmen's compensation costs, and group insurance benefits for non-industrial disabilities. In one plant, the *per capita* benefits payments were reduced in four years from \$21.63 to \$8.05 through systematic preventive measures. Incidentally, a recent report of a study of industrial medicine by the American College of Surgeons shows that, in 41 per cent of the companies surveyed, the industrial physician is responsible to the industrial relations manager.

Safety work has for many years made notable progress, due mainly to the fact that the costs of injuries and the effects of accident prevention could be definitely measured.

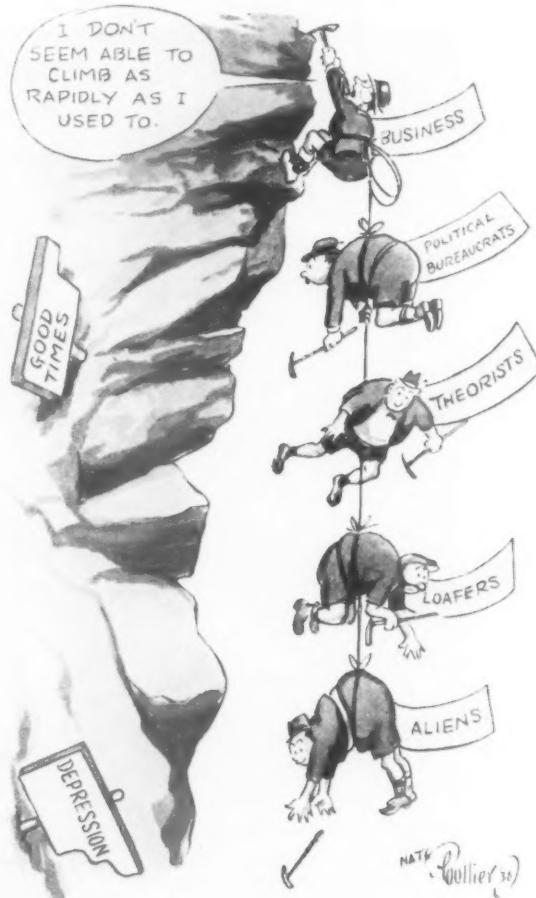
In a few companies, the problems of

industrial relations are being studied with the spirit and methods of science through painstaking personnel research. Notable examples include Western Electric, Philadelphia Electric, and Procter and Gamble. One currently significant research project is the measurement of employee attitudes toward the company, toward its various personnel policies and practices, and toward the supervisory staff. Such projects apply the techniques developed by industrial psychologists. Management is thus finding out what the employees really think about labor relations. These methods are replacing the indefensible practice of labor spying.

By all odds, however, the most important recent activity of personnel departments has been helping the top management develop sound personnel policies. Although no company can install a full, well rounded program overnight, it can carefully plot the direction its program will take. A number of companies—an outstanding example is General Foods—have distributed copies of their basic industrial relations policies to all employees. This practice has informed workers of their employer's plans relative to employee relations and has helped prevent the inclusion of many complicated regulations in union contracts.

After all, does organized personnel work pay? That is the question that always comes up in a discussion of this kind. Unfortunately, no one has proven statistically that it does. No one can prove it, or disprove it. Yet no one has ever evaluated mathematically the advantages of good management, of which personnel administration is an integral part. It is usually several years before the effects of a long-range, constructive personnel program begin to be realized. There is no short cut or substitute for good management.

In other words, it takes much time and much concentrated management effort to evolve personnel policies and procedures of enduring value. A step-by-step development is necessary. First comes the establishment in writing of sound personnel policies; then the building up of a competent management organization, with a personnel department as an integral part; and then the establishment of adequate personnel procedures and operating methods. All these in time should give assurance of increased operating efficiency, employee satisfaction, and freedom from labor disputes. More and more companies are following this tack. One rarely hears of serious labor troubles in companies with sound personnel programs of long standing.



Quite a load for a little fellow



Start the ball rolling on a discussion of any one of a multitude of important topics in the news - political purges, a presidential third term, the Spanish War, the Wagner act - and see how long the conversation, even in the most sedate clubrooms, remains on a calm, factual basis. The heat is almost sure to exceed the light in fewer than three minutes.

It is in times like these, when the news pivots about so many crucial issues that evoke strong emotions and opinions, that The New York Times is found most valuable by readers who would rather be informed than incited.

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(Continued from page 26)  
utter inferiority of the old-fashioned, combustible-interior structure.

Yet the fact remains that complete confidence in modern construction can be sadly misplaced when the sole defense against the ravages of fire is placed in the shell of the building.

The point is that structural fire-resistance is purely passive resistance—and a going fire is too dynamic an adversary to be fought that way. Even a light office occupancy of only 60 pounds per square foot can produce a blaze lasting 7½ hours when unmolested.\* Within 20 minutes this fire will generate a temperature of 1,778 degrees which, in another 40 minutes, will rise to about 1,860 degrees.

In such a blaze the involved room is being loaded with a flood of superheated air under rapidly mounting pressure which ignites every combustible thing it touches; wooden furniture, doors, sills, moulding, trim, etc. And the greater the area through which this withering flood can spread, the more difficult it is to bring the outbreak under control by the standard method of applying six to eight tons of water to every ton of burning fuel.

It might be mentioned here that this theoretical water-to-fuel ratio presupposes ideal conditions; that is, when the firemen can get in on the fire floor and put the water directly on the flames. The chances of their doing that under temperatures of 1,700 degrees and more are rather remote because human beings aren't built for that sort of punishment. The result is that the average belated discovery outbreak is fought from the outside—from windows or roofs of adjoining buildings or from the street—in which case three-quarters of the water employed is wasted.

#### High fires are hard to fight

IT IS interesting to observe, too, that in working from the sidewalk, the most powerful deck guns or deluge pipe available are of small consequence above the second floor and even water towers aren't much good above the fifth story simply because the necessary nozzle angles make any real penetration of the streams impossible. Any big city fire department can pump streams from the street over the top of a 20 or 30 story building for carnival display purposes. But they know full well that those streams at such heights are worthless for fire fighting and that is precisely why tall buildings have standpipes which give the firemen hydrants on the fire floor itself.

Of course, the layman has no conception of how fast or how far this flood of superheated air and combustion gas can travel. Its long-range lethal power is suggested by the Milwaukee Hotel fire already mentioned, but the classic example was the second Equitable fire

\*U. S. Bureau of Standards Tests.

which started in a pipe shaft on the street level—and wiped out the contents of an office on the thirty-fifth floor!

The damage to contents was \$25,000; to the building, \$75,000. All because a door left open in the shaftway some 350 feet above the point of origin permitted that flood of hot air to sweep in.

The most commonplace example of the principle is provided by the furnace in your basement. It requires much less than 100 pounds of coal (which ignites at a mere 750 degrees) to warm your entire house in zero weather because the heat produced is distributed throughout the rooms by flues.

#### A mammoth furnace

BY THE same token, the fireproof building becomes a large scale furnace when a fire occurs which can spread its heat promiscuously through unprotected vertical or horizontal arteries which serve as unintended flues.

Obviously, an inferior structure would be itself consumed by the rapidly advancing flames. The fireproof structure, in contrast, is sturdy enough to "take it." Hence it is just as common for them to stand up for hours—even for days in exceptional cases—with a raging inferno in their innards. To be sure, the interior damage is severe. And if any gross architectural slips were made, walls, floors and ceilings will be pushed out of line—if not completely down—by the expansion of the metals.

Here, then, you have the basic elements of every bad fire in a good building: ample fuel generating intense heat which is spread by excessive draft areas. The factor which inevitably couples this train of disaster is, of course, belated discovery. Since 73 per cent of the fires which exceed \$10,000 in loss occur at night, on week-ends or on holiday shutdown periods, it is plain that this tardy discovery is a highly significant and costly failing.

I recently made a survey of 540 such fires in 89 cities (averaging \$40,000 loss each) and found that two-thirds of them were discovered and reported by chance passersby who just happened to walk down that particular street at that particular time. Nobody knows how long these fires had been burning before discovery; the only certainty is that the firemen were just about licked before they even got there.

To be sure, a good many business men shrug off these losses with the explanation that they are covered by insurance. That isn't always true in the fireproof structure. Yet even where it does apply, the sad truth is that the popular conception of fire insurance protection is often just as half-baked as the general notion about fire-resistive construction.

When you read about fire damages of \$50,000 or \$100,000 or more, remember that those figures cover only the tangible property losses. Usually you can add an equal sum for the so-called "in-

tangible losses" of interrupted profits, lost accounts, injury to credit, running expenses which don't stop because the business isn't producing. Many of these items can be covered by special forms of insurance but they seldom are.

Other very definite fire losses are not insurable. When a business burns out, for example, the salaries and wages of its employees are not insured and they are just "out of luck." So are the trades people in the community who sell things to these employees whose pay envelopes have stopped coming.

Clearly, the effects of a business or industrial fire are far reaching while the loss of an uninsured public building is often even greater. The logical conclusion is that it is far cheaper to prevent fires than to fight them.

A dozen cases have been cited in support of this contention—a hundred more could be added if desired. But what they all add up to is the plain fact that no building can be any more fireproof than its contents, hence the only really firesafe structure is the one which is equipped to combat an outbreak as well as to resist it.

One of the most graphic examples of this principle is provided by a Newark, N. J., printing plant which a few years ago had a fire that was extinguished only by the diligent application of more than 3,000,000 gallons of water by the fire department. Recovering from this blow, the plant was rebuilt but this time with the prudent addition of an automatic sprinkler system. A year later another outbreak occurred which in the beginning was not one whit different from the first. The second fire, however, was extinguished by the sprinklers with the use of only 500 gallons of water and a total loss of about \$100.

#### Keeping fires small

FROM a broader angle, the Merchandise Mart, in Chicago, is as modern and as fireproof a building as you'll find anywhere, yet its owners not only equipped it with sprinklers but, to make sure they would work when needed, they have those sprinklers under 24 hour supervision by an outside agency.

The wisdom of that double precaution has been borne out by experience. In the first few years of this fireproof structure's existence, there were 53 different outbreaks of fire within its vast confines. But, because this building is competent to combat fire as well as to resist it, the damages of all those 53 blazes totalled \$600—or \$11.30 a fire!

The whole burden of this piece, then, is to jostle this complacent faith too many people place in construction alone. We had a typical example of the popular attitude on a recent trip when a bellboy led my wife and me to our room in a hotel.

"Where is the fire exit?" my wife asked the boy as he slipped the key into the lock.

"Down the hall there," he replied, indicating the direction with a nod. Then with the tolerant smile of one who recognized a couple of yokels away from home for the first time, he added: "But you needn't worry about that—this is a strictly fireproof hotel."



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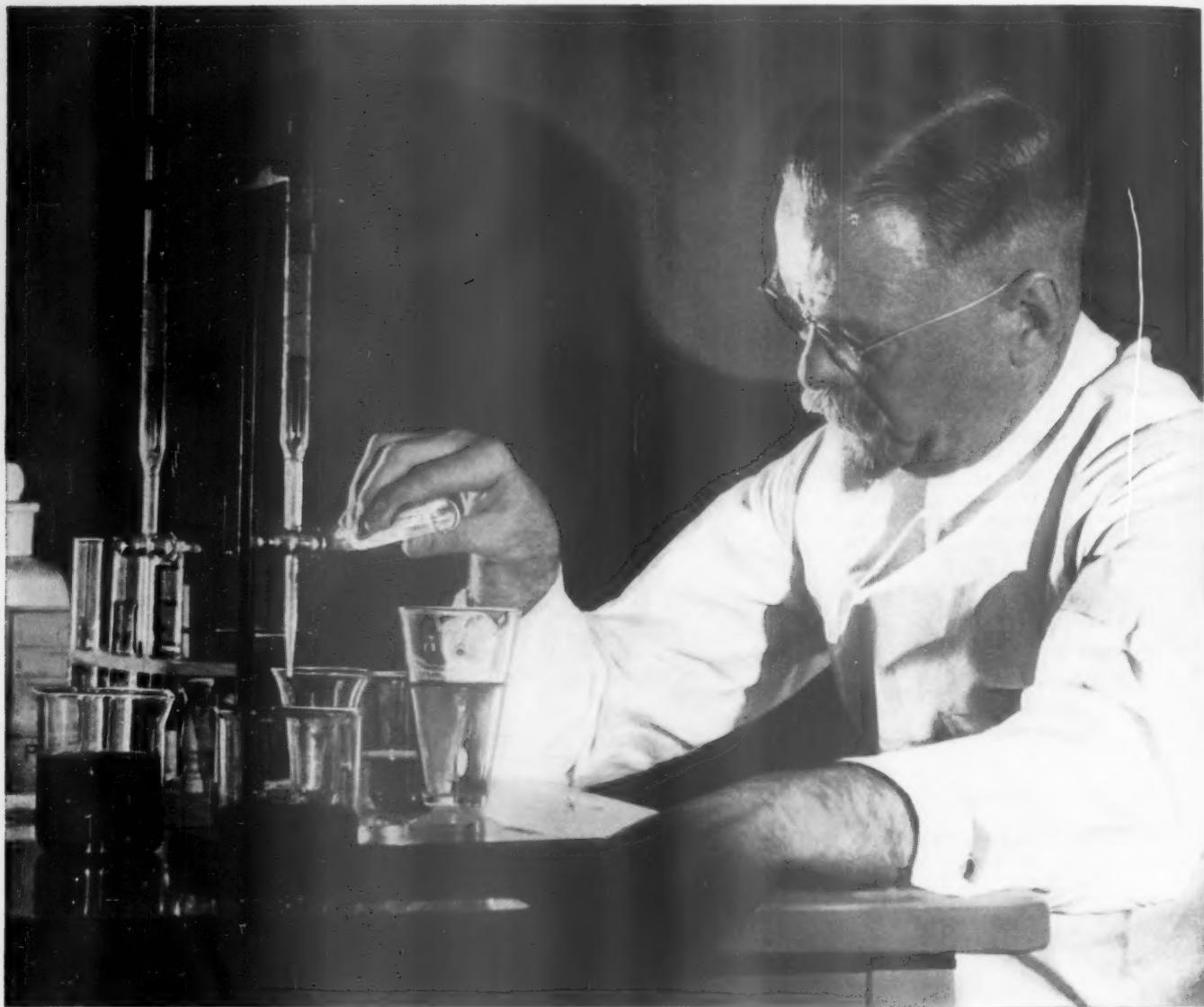
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## You Keep No Secrets from Your Hands

(Continued from page 30)

that the thumb bases and underportions of the tips are only moderately rounded. The middle joints of the thumbs are long, equaling the long first joints, and have decidedly curved-in sides.

With all this as fundamental data by which to gauge your personality, I feel as though we had been acquaintances for weeks instead of minutes. And I am positive that I am dealing with a decidedly "Inventive Personality." One that is a rapid absorber of facts, quick in forming judgments, a maker of decisions resulting in uncanny shortcuts which toss orthodoxies and standards to the four winds.

So before disclosing the purpose of my visit, I realize that I must prepare to have you brush aside my most convincingly constructed arguments almost before they get a start.

Your hands, however, may fit an entirely different classification. They, also, may be of elongated structure with boniness the obvious characteristic. Fingers, closed together, show "air spaces" between. Finger and thumb are long and square-tipped, with under-portions flattened. The nails are pale in coloration, well set, and also long.

With this type of hand the thumb appears to have (and actually has when compared with other types) excessive length, its middle joint equaling the length of the first or nail joint. This last is usually flattened and stiff. The base of the thumb is always flat, with none of the roundness found in thumbs of other types.

So I jot you down without reservation as "Scholastic." And I shall stick to it that nothing you can think of is more satisfying to you than methodical research for research's sake.

I shall know, at the outset, that ours is to be an interview in which high-pressure strategy and dynamic selling talk will have no part. Therefore, I shall perhaps reorganize the facts with which I've come equipped. Each detail to be discussed will, I'm certain, be painstakingly double-checked before you render an opinion.

All lean hands are not alike. And yours may be one classifiable as "Neurodynamic." Should this be true, they will be underfleshed yet compact. Palms, fingers and thumbs will also be shorter than the scholastic or spatulate kind, a trifle irregularly formed and tapered. The thumb will, perhaps, be of the greatest significance to me as an analyst of hands. This because of its backward slope at the nail joint and the excessive concavity along its middle joint.

The flesh of this hand will always be found closely fitted, in many cases almost glovelike, fine in texture and of pale or brownish hue. The nails are usually pale in color, and often flecked with patches of white.

Having thus checked you off, I prepare at once to cope with impatience at the opening of our interview. Your irritable interruptions, fidgetings and

fumings I realize cannot be helped and I shall probably make more headway than I appear to.

And finally, your hands may fail entirely to whack up with any established category. My survey of them, as you settle back to be told the reason for my visit, may disclose them as "Anomalous," their conformation a composite of several types.

The general set-up of such hands as these may be elementary or elongate, while the fingers and thumbs are never consistent with any single type.

With this the case, I shall have to determine as rapidly as possible the preponderance of type and let it become my guide post.

Whatever your hands may be and signify, my survey of them during those first few minutes will have given me more information concerning you and your inner self than I could obtain so quickly any other way.

### Analysis might help many

THE advantages of such surveys of hands in everyday business contacts should be obvious. At least to executives, salesmen, personnel directors, or others for whom the success of human relationships depends upon ability to measure men accurately.

But a complete analysis of the hands goes farther than classification of structural conformation. This serves to pave the way to far more detailed observations. The thorough-going analyst progresses from conformation to more complicated elements within the hand itself. Here are disclosed almost uncannily correct indications of actuals and potentials, variables, neutralizations, compensations which, recognized and properly directed, make us assets to ourselves and society instead of "half-measure" successes, perhaps liabilities at large. Just how much good could be accomplished through utilizing the skilled analyses of hands as an aid to industry and business in solving problems of personnel selection may only be conjectured. But as an experiment at least, it should prove interesting and perhaps amazing. Particularly so in the more specialized fields which have long wrestled with high costs of hiring and firing workers not accurately ticketed at the outset as fundamentally adapted to their tasks.

The employer of today realizes that labor turnover in both skilled and unskilled brackets involves a factor of "competency" which has nothing to do with production curtailments and expansions caused by fluctuations of demand and supply.

Modern psychological research coupled with a variety of methods having effective vocational adjustments their aim is doing much to solve this problem. Were the accuracies of competent analyses of hands added they might rate as indispensables for keeping square pegs from attempting to fit round holes.

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